



CITY OF ALAMEDA • CALIFORNIA

SPECIAL MEETING OF THE CITY COUNCIL
TUESDAY - - - MAY 17, 2005 - - - 7:10 P.M.

Time: Tuesday, May 17, 2005, 7:10 p.m.

Place: **City Council Chambers Conference Room**, City Hall, corner
of Santa Clara Avenue and Oak Street.

Agenda:

1. Roll Call.
2. Public Comment on Agenda Items Only.

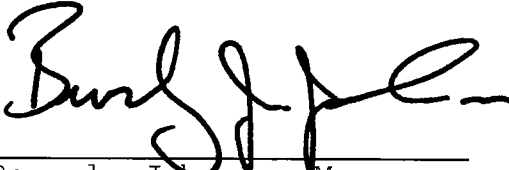
Anyone wishing to address the Council on agenda items only may speak for a maximum of 3 minutes per item.

3. Adjournment to Closed Session to consider:
3-A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Name of case: St. Paul Property and Liability Insurance v.
City of Alameda.

4. Announcement of Action Taken in Closed Session, if any.

Adjournment



Beverly Johnson, Mayor



CITY OF ALAMEDA • CALIFORNIA

SPECIAL JOINT MEETING OF THE CITY COUNCIL,
COMMUNITY IMPROVEMENT COMMISSION, AND
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
TUESDAY - - - MAY 17, 2005 - - - 7:25 P.M.

Location: **Council Chambers**, City Hall, Santa Clara Ave. and Oak St.

Public Participation

Anyone wishing to address the Council/Commission/Board on agenda items or business introduced by Councilmembers/Commissioners/Board Members may speak for a maximum of 3 minutes per agenda item when the subject is before the Council/Commission/Board. Please file a speaker's slip with the Deputy City Clerk if you wish to speak on an agenda item.

PLEDGE OF ALLEGIANCE

ROLL CALL

CONSENT CALENDAR

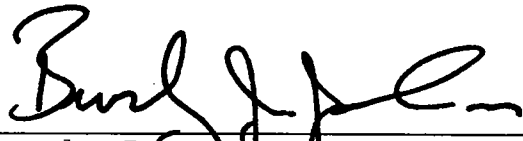
Consent Calendar items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the Council/Commission/Board or a member of the public.

- 1-A. Minutes of the Special Joint City Council and Community Improvement Commission Meeting of May 3, 2005. **[City Council and Community Improvement Commission]**
- 1-B. Recommendation to approve an Amended Contract with Michael Stanton Architecture (MSA) by increasing the Contract amount an additional \$40,000 for design review services for the proposed Civic Center Parking Garage Project. **[Community Improvement Commission]**
- 1-C. Recommendation to accept revised Alameda West Strategic Retail Implementation recommendations. **[Community Improvement Commission]**

AGENDA ITEMS

- 2-A. Recommendation to approve a First Amendment to an Acquisition Agreement by which the Community Improvement Commission acquired an Affordable Housing Covenant from the Alameda Reuse and Redevelopment Authority for thirty units of very low income housing at the Bachelor Officers' Quarters located within the Alameda Point Improvement Project. **[Community Improvement Commission and Alameda Reuse and Redevelopment Authority]**
- 2-B. Adoption of Resolution of Necessity to Acquire Property by Eminent Domain for Redevelopment Purposes; Authorizing Commencement of Litigation to Acquire Property and for Order of Possession; Code of Civil Procedure Section 1245.235 et seq. (APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue, Alameda, California - Alameda Theatre/Cineplex and Parking Structure. **[Community Improvement Commission]**
[Requires four (4) affirmative votes]

ADJOURNMENT



Beverly Johnson, Mayor
Chair, Community Improvement
Commission and Alameda Reuse and
Redevelopment Authority



CITY OF ALAMEDA • CALIFORNIA

ANNUAL MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY
TUESDAY - - - MAY 17, 2005 - - - 7:27 P.M.

Location: **Council Chambers**, City Hall, corner of Santa Clara Avenue
and Oak Street.

Public Participation

Anyone wishing to address the Authority on agenda items or business introduced by Authority may speak for a maximum of 3 minutes per agenda item when the subject is before the Authority. Please file a speaker's slip with the Deputy City Clerk if you wish to speak on an agenda item.

ROLL CALL

MINUTES

Minutes of the Special Industrial Development Authority Meeting of June 1, 2004.

ORAL COMMUNICATIONS (Public Comment)

AUTHORITY COMMUNICATIONS (Communications from Authority)

ADJOURNMENT



CITY OF ALAMEDA • CALIFORNIA

IF YOU WISH TO ADDRESS THE COUNCIL:

1. Please file a speaker's slip with the Deputy City Clerk and upon recognition by the Mayor, approach the podium and state your name; speakers are limited to three (3) minutes per item.
2. Lengthy testimony should be submitted in writing and only a summary of pertinent points presented verbally.
3. Applause and demonstration are prohibited during Council meetings.

AGENDA - - - - - REGULAR MEETING OF THE CITY COUNCIL
TUESDAY - - MAY 17, 2005 - - - - 7:30 P.M.

[Note: Regular Council Meeting convenes at 7:30 p.m., **City Hall, Council Chambers, corner of Santa Clara Ave and Oak St.**]

The Order of Business for City Council Meeting is as follows:

1. Roll Call
2. Agenda Changes
3. Proclamations, Special Orders of the Day and Announcements
4. Consent Calendar
5. Agenda Items
6. Oral Communications, Non-Agenda (Public Comment)
7. Council Communications (Communications from Council)
8. Adjournment

Public Participation

Anyone wishing to address the Council on agenda items or business introduced by Councilmembers may speak for a maximum of 3 minutes per agenda item when the subject is before Council. Please file a speaker's slip with the Deputy City Clerk if you wish to address the City Council.

SPECIAL MEETING OF THE CITY COUNCIL 7:10 P.M.
CITY COUNCIL CHAMBERS CONFERENCE ROOM
Separate Agenda (Closed Session)

SPECIAL JOINT MEETING OF THE CITY COUNCIL, 7:25 P.M.
COMMUNITY IMPROVEMENT COMMISSION AND ALAMEDA REUSE
AND REDEVELOPMENT AUTHORITY, CITY COUNCIL CHAMBERS
Separate Agenda

ANNUAL MEETING OF THE INDUSTRIAL DEVELOPMENT 7:27 P.M.
AUTHORITY, CITY COUNCIL CHAMBERS
Separate Agenda

1. ROLL CALL - City Council
2. AGENDA CHANGES
3. PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS
- 3-A. Welcome and presentation honoring Friendship City delegation from Wuxi, China.
4. CONSENT CALENDAR

Consent Calendar items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the Council or a member of the public.
- 4-A. Minutes of the Special and Regular City Council Meetings held on May 3, 2005; and the Special City Council Meeting held on May 4, 2005.
- 4-B. Bills for ratification.
- 4-C. Recommendation to accept Quarterly Sales Tax Report for the Period Ending March 31, 2005 for sales transactions in the Fourth Calendar Quarter of 2005.
- 4-D. Recommendation to adopt Specifications and authorize Call for Bids for one animal control vehicle.
- 4-E. Recommendation to adopt Plans and Specifications and authorize Call for Bids for Cyclic Sewer Repair Project, Phase 4, No. P.W. 05-03-11.
- 4-F. Recommendation to authorize installation of an All-Way Stop Control at the intersection of Santa Clara Avenue and Sherman Street. [Transportation Technical Team]
- 4-G. Adoption of Resolution Authorizing the use of Measure B Countywide Discretionary Fund Grant from Alameda County Transportation Improvement Authority (ACTIA) and Matching Funds from the City's Local Measure B Allocation to Complete a Citywide Pedestrian Plan.
- 4-H. Adoption of Resolution Extending Period for Providing Low and Moderate Income Housing Pursuant to Health and Safety Code Section 33334.16 for 30 Units Within the Bachelor Officers' Quarters at Alameda Point.
- 4-I. Adoption of Resolution of Intention to Levy an Annual Assessment on the Alameda Business Improvement Area of the City of Alameda for FY 2005-06 and Set a Public Hearing for June 7, 2005.

- 4-J. Introduction of Ordinance Amending the Alameda Municipal Code to Increase the Composition of the Recreation and Park Commission from Five to Seven Members by Amending Subsections 2-7.2 (Membership; Appointment; Removal), 2-7.3 (Qualification: Voting of Section 2-7 (City Recreation and Park Commission)). [Mayor Johnson]

5. REGULAR AGENDA ITEMS

- 5-A. Adoption of Resolution Recognizing the Selection of the City of Wuxi, China as Alameda's Friendship City and Authorizing the Mayor to Sign a Memorandum of Understanding Regarding the Formulation and Implementation of Sister City Relations. [Social Services Human Relations Board]
- 5-B. Adoption of Resolution Declaring Support for Measure A, Alameda Unified School District Parcel Tax Measure. [Councilmember Matarrese]
- 5-C. Public Hearing to establish Proposition 4 Limit (Appropriation Limit) for Fiscal Year 2005-06; and
- Adoption of Resolution Establishing Appropriations Limit for Fiscal Year 2005-06.
- 5-D. Public Hearing to consider collection of Delinquent Business License Fees via the Property Tax Bills.
- 5-E. Public Hearing to consider an Appeal of the Historical Advisory Board's approval of a Landscaping Plan for planting two Coast Live Oak trees on the vacant property at 301 Spruce Street. The submittal of a Landscaping Plan, as part of new development proposals, was required by the Historical Advisory Board as a condition for the removal of one Coast Live Oak tree in 2001; **and adoption of related resolution.** The site is located at 301 Spruce Street within the R-4 Neighborhood Residential Zoning District. Applicant: Bill Wong for Hai Ky Lam. Appellant: Patrick Lynch and Jeanne Nader.
- 5-F. Recommendation to develop two separate voluntary seismic retrofit programs.
- 5-G. Recommendation to accept Report on results of Actuarial Valuations of the Police and Fire Retirement 1079 and 1082 Plans and the Retiree Health Care Plan.
- 5-H. Presentation on the Operating Budget and Capital Improvements for Fiscal Year 2005-06.
- 5-I. Presentation on the City's infrastructure investment challenges.

6. ORAL COMMUNICATIONS, NON-AGENDA (Public Comment)

Any person may address the Council in regard to any matter over which the Council has jurisdiction or of which it may take cognizance, that is not on the agenda.

7. COUNCIL COMMUNICATIONS (Communications from Council)

8. ADJOURNMENT

- For use in preparing the Official Record, speakers reading a written statement are invited to submit a copy to the City Clerk at the meeting or e-mail to: lweisige@ci.alameda.ca.us
- Sign language interpreters will be available on request. Please contact the City Clerk at 747-4800 or TDD number 522-7538 at least 72 hours prior to the Meeting to request an interpreter.
- Equipment for the hearing impaired is available for public use. For assistance, please contact the City Clerk at 747-4800 or TDD number 522-7538 either prior to, or at, the Council Meeting.
- Accessible seating for persons with disabilities, including those using wheelchairs, is available.
- Minutes of the meeting available in enlarged print.
- Audio Tapes of the meeting are available upon request.
- Please contact the City Clerk at 747-4800 or TDD number 522-7538 at least 48 hours prior to the meeting to request agenda materials in an alternative format, or any other reasonable accommodation that may be necessary to participate in and enjoy the benefits of the meeting.

UNAPPROVED MINUTES
MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION MEETING
TUESDAY - - - MAY 3, 2005 - - - 7:25 P.M.

Mayor/Chair Johnson convened the Special Joint meeting at 8:08 p.m.
Councilmember/Commissioner Matarrese led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers/Commissioners Daysog,
deHaan, Gilmore, Matarrese, and
Mayor/Chair Johnson - 5.

Absent: None.

MINUTES

(05- CC/05- CIC) Minutes of the Special Joint City Council and
Community Improvement Commission Meeting held on April 19, 2005.
Approved.

Councilmember/Commissioner Daysog moved approval of the minutes.

Councilmember/Commissioner deHaan seconded the motion, which
carried by unanimous voice vote - 5.

AGENDA ITEMS

(05- CC/05- CIC) Joint Public Hearing to consider authorizing
the City Manager/Executive Director to enter into a Disposition and
Development Agreement with Alameda Entertainment Associates, L.P.,
approval of the 33433 Report, and adoption of a Mitigated Negative
Declaration for the Alameda Theater, Cineplex and Parking Structure
Project (State Clearinghouse #2004-122-042);

(05- A/CC) Resolution No. 13834, "Approving and Authorizing
Execution of a Disposition and Development Agreement Between the
Community Improvement Commission and Alameda Entertainment
Associates, L.P., and Adopting a Mitigated Negative Declaration and
Mitigation Monitoring Program." Adopted; and

(05- A/CIC) Resolution No. 05-134, "Approving and Authorizing
Execution of a Disposition and Development Agreement Between the
Community Improvement Commission and Alameda Entertainment
Associates, L.P., Approving Certain Mitigation Measures for the
Project, and Adopting a Mitigation Monitoring Program." Adopted.

The Business Development Division Manager gave a Power Point
presentation.

The Development Services Director provided a brief update on the
project.

Councilmember/Commissioner deHaan inquired about the traffic remediation requirements.

The Development Services Director responded there was one major traffic improvement to upgrade a signal at Santa Clara Avenue and Oak Street; there are struggles with traffic improvements at the intersection; modifications need to be made to all of the equipment at the intersection because the equipment is old; the estimate to do the work is about \$100,000; the design plan will provide a nice public environment to half the block of Oak Street by extending the public sidewalk from eight feet to fourteen feet and providing garage and theatre outside lighting to accommodate people, cars and bicycles entering and exiting the garage.

Councilmember/Commissioner deHaan inquired whether determining the scope is an on-going process, to which the Development Services Director responded in the affirmative.

Mayor/Chair Johnson opened the public portion of the Hearing.

Proponents:

Christopher Buckley, Alameda Architectural Preservation Society; Susan Decker, Alameda; Lars Hanson, Park Street Business Association (PSBA); Pauline Kelly; Barbara Marchand, Alameda Civic Light Opera; Cathy Leong, Alameda Chamber of Commerce; Mike Corbett, Harsch Investments; and Robb Ratto, PSBA.

Opponents:

Gary McAfee, Alameda; Jennifer Van Airsdale, Alameda; Joan Steber, Alameda; John McNulty, Alameda; John F. Ruake; Zach Kaplan, Alameda; and Lucy Gigli, Bike Alameda (submitted handout);

Expressed concern with bike safety on Central Avenue between Oak and Walnut Streets:

Robert Van de Walle, Alameda; Andy Cutright, Alameda; Alameda; Jon Spangler, Alameda; Mark Haskett; and Jillian Saxty, Alameda.

There being no further speakers, Mayor/Chair Johnson closed the public portion of the Hearing.

Councilmember/Commissioner deHaan stated that the Council needs to follow through with the commitment to reconfigure the parking [on Central Avenue between Oak and Walnut Streets] to the original parallel state at the former historic Alameda High School.

The Acting City Manager stated that the need for diagonal parking was created because of the new gymnasium, City Hall moving into the east wing of the high school, and the Library moving into the middle wing of the high school; parking was increased from 32 spaces to 58 spaces; Council approved an ordinance modification for diagonal parking; the Recreation and Park Department is the only part of City Hall remaining in the east wing and will be moving out within a month; the Library is projected to move out within 17 or 18 months; much of the parking demand will be eliminated; the parking garage construction provides an opportunity to move back to parallel parking; a parking plan would need to be brought back to Council for approval.

Vice Mayor/Commissioner Gilmore stated that she has great sympathy for bicyclists; a large segment of the youth population will either ride bikes or take the bus to the theatre.

Councilmember/Commissioner deHaan stated the dollar value of parking spaces is understood now.

Mayor/Chair Johnson stated that the parking structure would solve a lot of the parking problems.

Councilmember/Commissioner Daysog stated that the project is good for all of Alameda, especially the youth.

Councilmember/Commissioner Matarrese stated the theatre project is important for the whole City; dollars would be kept in town; the historic theatre will rot if the project does not move forward.

Vice Mayor Gilmore moved adoption of the Resolution Approving and Authorizing Execution of a Disposition and Development Agreement Between the Community Improvement Commission and Alameda Entertainment Associates, L.P., and Adopting a Mitigated Negative Declaration and Mitigation Monitoring Program [paragraph no. 05-1].

Councilmember deHaan seconded the motion, which carried by unanimous voice vote - 5.

Commissioner Matarrese moved adoption of the Resolution Approving and Authorizing Execution of a Disposition and Development Agreement Between the Community Improvement Commission and Alameda Entertainment Associates, L.P., Approving Certain Mitigation Measures for the Project, and Adopting a Mitigation Monitoring Program [paragraph no. 05-__].

Commissioner deHaan seconded the motion, which carried by unanimous voice vote - 5.

Mayor/Chair Johnson directed staff to bring the Central Avenue bike lane issue back to Council.

(05- CIC) Resolution No. 05-135, "Approving and Authorizing Payment of Certain Public Improvements to the Park Street and Otis Drive Intersection." Adopted; and

(05- CC) Resolution No. 13835, "Approving and Authorizing Execution of a Public Improvements Construction Agreement Between the City and Harsch Investment Corporation." Adopted.

Councilmember/Commissioner Matarrese stated the project is critical to Alameda's economic engine.

Councilmember/Commissioner Matarrese moved adoption of the resolutions.

Councilmember/Commissioner Daysog seconded the motion.

Under discussion, Councilmember/Commissioner deHaan inquired what type of funding would be used.

The Development Services Director responded that staff recommends using Community Improvement Commission funds for the project; the primary benefit finding is required because the intersection is just outside the formal boundaries of a redevelopment project area; the improvements are tied to the form and function of the rest of the redevelopment project area; Redevelopment Law has a provision that recognizes that there are projects that may be outside the boundaries which are a primary benefit to the function of the rest of the project area.

Councilmember/Commissioner deHaan inquired whether other funding sources were considered.

The Development Services Director responded that there was a discussion about using some sales tax dollars from the new South Shore Shopping Center development.

Councilmember/Commissioner deHaan inquired how the two-third, one-third cost sharing was derived.

The Development Services Director responded that the formula was a result of negotiations with the developer; there was a dispute over the assignment of the impact of the intersection; the developer felt that he should not be responsible for making all the

improvements to the intersection; traffic modeling shows that there are other background projects not yet developed, but approved, which would also impact the intersection; the negotiation used the actual number of trips coming off the project and the impact on the intersection.

Councilmember/Commissioner deHaan stated that there might be further requirements for further entitlements; inquired what the affect would be on the traffic remediation.

The Development Services Director responded that the entitlements received for the project anticipate 112,000 square feet of new retail square footage at the South Shore Shopping Center and would likely increase; circulation issues related to the gas station would need to be examined independently; additional improvements can always be made; a need for further improvements is anticipated by 2020.

Councilmember/Commissioner deHaan stated that he was concerned that the same [redevelopment] funds are being used for many issues; inquired whether there is a detailed breakdown of where redevelopment funding stands.

The Development Services Director responded that there are sufficient funds; anticipated improvements can be made with existing tax increments and not bonds.

The Acting City Manager stated that at the next meeting staff would provide a Community Improvement Commission multi-year budget to show how much money remains.

Councilmember/Commissioner Matarrese stated the project is very important; the rationale and logic fits into the true meaning of redevelopment; that he defends the approach of taking redevelopment funds for the Library project; his motion to adopt the resolutions stands.

Councilmember/Commissioner Daysog stated the investment is necessary if the money means that the City would have stores such as Borders or Chicos.

Mayor/Chair Johnson stated that the City needs to be frugal with redevelopment money but also needs to use the money wisely; moving forward with projects that help continue the redevelopment and revitalization of Alameda business areas is an appropriate use of funds.

Councilmember/Commissioner deHaan stated that he is comfortable

with delaying other major retail developments to allow South Shore Shopping Center to mature; he supports and looks forward to the renewed Center, but has concerns with funding.

Commissioner Matarrese moved adoption of the Resolution Approving and Authorizing Payment of Certain Public Improvements to the Park Street and Otis Drive Intersection [paragraph no. 05-___].

Commissioner deHaan seconded the motion, which carried by unanimous voice vote - 5.

Councilmember Matarrese moved adoption of the Resolution Approving and Authorizing Execution of a Public Improvements Construction Agreement Between the City and Harsch Investment Corporation [paragraph no. 05-___].

Councilmember Daysog seconded the motion, which carried by unanimous voice vote - 5.

(05- CIC) Recommendation to approve an Amended Contract with Architectural Resources Group, Inc., by increasing the Contract amount an additional \$44,275 to provide additional pre-planning services for the proposed Alameda Theatre Project. Accepted.

Commissioner Daysog moved to approve the staff recommendation.

Commissioner deHaan seconded the motion, which carried by unanimous voice vote - 5.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Meeting at 9:28 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.

CITY OF ALAMEDA
MEMORANDUM

To: Honorable Chair and
Members of the Community Improvement Commission

From: William C. Norton
Acting Executive Director

Date: May 4, 2005

Re: Recommendation to Approve an Amended Contract with Michael Stanton Architecture (MSA) by Increasing the Contract Amount an Additional \$40,000 for Design Review Services for the Proposed Civic Center Parking Garage Project

BACKGROUND

The Community Improvement Commission (CIC) contracted with Michael Stanton Architecture (MSA) for professional planning and architectural services for the proposed Historic Alameda Theatre, Cineplex, and Parking Garage project on January 18, 2005 for \$92,500. MSA has provided extensive architectural services to the City over the last several months, including preparation of design guidelines for the Cineplex, a summary report of property line construction responsibilities, a summary report of key code assumptions prepared in conjunction with the Building Department, and several design review submittals of the parking garage design, as well as attendance at various public meetings. The amendment to the original contract will result in a total contract amount of \$132,500.

An amendment to the scope of work and associated compensation in MSA's January 18, 2005 contract is required for two significant reasons: (1) the final approval of the design guidelines for the proposed Cineplex required numerous public hearings beyond MSA's original scope; and (2) the *Initial Study/Environmental Assessment for the Proposed Alameda Theater, Cineplex, and Parking Structure Project* prescribes an extensive community engagement and design review process (beyond the City's normal process) for achieving final design approval of all three components of the project, including the parking garage, which were not included in MSA's original scope of work.

The proposed amended contract includes preparing design review submittals and materials necessary for achieving final design review approval of the proposed parking garage by the Planning Board, and the completion of performance specifications necessary for the Call for Bidders package for the design/build contract for the garage. A copy of the contract and its amendments is on file with the City Clerk.

DISCUSSION/ANALYSIS

MSA's proposed contract scope includes the work tasks outlined below:

1. MSA's architectural responsibilities will include design development and materials selection (including lighting, landscaping, and urban design features) for the garage. In addition to

architectural design, work on the garage will include additional schematic structural design, and mechanical, plumbing and electrical design/build criteria. The intent is that this work will provide a sufficient description of the building for use by the City of Alameda in the preparation of the Call for Bidders for the design/build team for the new Garage.

2. During the preparation of the design of the new garage, MSA will meet with the City of Alameda's Department of Public Works to resolve operational issues of the new garage that pertain to the design.
3. MSA will meet with concerned citizens, respond to community input, and present the design of the parking garage at City of Alameda public meetings, as directed by staff. This will include presentation(s) to the Historic Advisory Board, and the Planning Board (up to four [4] meetings). The design will be modified along the way as required to gain the requisite approvals.
4. MSA will produce the following material for the City of Alameda for use in the Call for Bidders package for design/build teams:
 - a. Performance specifications describing materials, structural system, and design/build criteria for plumbing, mechanical, and electrical engineering;
 - b. Performance criteria for the desired design/build process including:
 - i. Architectural floor plans of each level
 - ii. Architectural building sections
 - iii. Architectural building elevations
 - iv. Lighting diagrams
 - v. Structural plans

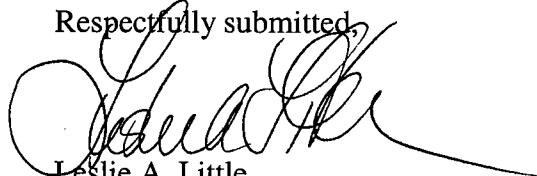
FISCAL IMPACT

The contract is for an amount not to exceed \$40,000. This contract will be funded by the Merged Area Bond Issue and will not impact the General Fund.

RECOMMENDATION

It is recommended that the CIC approve the amended contract with Michael Stanton Architecture (MSA) by increasing the contract amount an additional \$40,000 to provide professional architecture services for the proposed Civic Center Parking Garage Project.

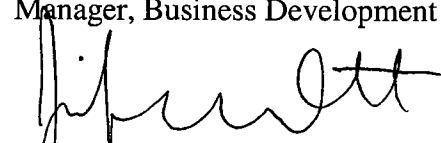
Respectfully submitted,



Leslie A. Little
Development Services Director



By: Dorene E. Soto
Manager, Business Development Division



Jennifer Ott
Development Manager

WCN/LAL/DES/JO:rv

cc: Michael Stanton, Michael Stanton Architecture

CITY OF ALAMEDA
Memorandum

May 4, 2005

To: Honorable Chair and Members of the
Community Improvement Commission

From: William C. Norton
Acting Executive Director

Re: Receive and File Revised Alameda West Strategic Retail Implementation
Recommendations

Background

At its April 5, 2005 Community Improvement Commission (CIC) meeting, Linda S. Congleton presented the *Alameda West Strategic Retail Implementation Recommendations*. This report, prepared by Linda S. Congleton & Associates (LCA), proposes an optimal retail implementation strategy for possible west end retail areas. Four specific locations (Alameda Point, Enterprise Landing, South Shore and Webster Street) were evaluated for future retail potential given market demand (e.g., what is the achievable amount of new retail square footage, sufficiency of anchor tenants interested in the west end, and sites that optimize leasing and sales success over the long term).

As part of the presentation, the CIC requested that the report be revised to add a section that discusses previous policy documents, specifically the Economic Development Strategic Plan (EDSP) and the Citywide Retail Policy Report, and how the *Alameda West Strategic Retail Implementation Recommendations* fits within the framework of those initiatives.

Discussion

Attached is a revised report for CIC consideration. The report has a new "Introduction" section that identifies the effort undertaken in the *Alameda West Strategic Retail Implementation Recommendations* as one of checking the priorities stated in the EDSP and the Citywide Retail Policy Report against market forces, competition, retail leakage, existing retail opportunities, and retail saturation and voids. The "Introduction" also lists six specific policies from the Citywide Retail Policy Report that the *Alameda West Strategic Retail Implementation Recommendations* addresses as part of any optimal retailing strategy for the west end.

Within the context of existing economic development policies, LCA was retained to confirm the retail sales opportunity previously identified in two leakage and support analyses and to balance that with the reality of market demand and regional competition. It was hoped that this exercise would yield information about specific retail uses that would be successful on the west end as well as further refine previously adopted retail policies.

The LCA report confirms that an additional maximum demand of 520,000-580,000 square feet of retail exists for the west end assuming that all developers are able to secure the anchor tenants being targeted. This additional demand assumes that a Target and Kohl's will be added to the tenant mix at South Shore. The additional retail demand is specific rather than open-ended. The types of retail anchors likely to locate on the west end include a grocery store and a home improvement/home furnishings store. This market assessment is based on retail voids in the market, the number of retailers attracted to the anchor retail types mentioned above, and the amount of quick foods, dining establishments and small shop space that is compatible with these types of tenant mixes.

The findings described above are intended to assist the City as it moves forward with evaluating specific projects as west end planning/development efforts continue to evolve.

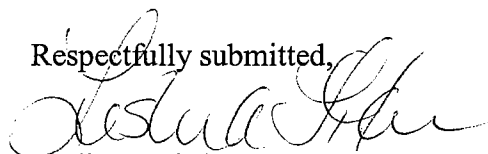
Fiscal Impact

There is no fiscal impact for receipt and filing of the revised *Alameda West Strategic Retail Implementation Recommendations*.

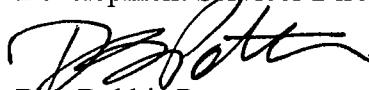
Recommendation

It is recommended that the Community Improvement Commission receive and file the attached *Alameda West Strategic Retail Implementation Recommendations*.

Respectfully submitted,



Leslie A. Little
Development Services Director



By: Debbie Potter
Base Reuse and Redevelopment Manager

WCN/LAL/DP:if

Attachments

G:\Comdev\Base Reuse& Redevp\DebbiePotter\Staff Reports\cic.revisedretail.051705.doc



LINDA S. CONGLETON & ASSOCIATES
Strategic Real Estate Retail Market Consultation & Research

31726 Rancho Viejo Road, Suite 108
San Juan Capistrano, CA 92675
(949) 487-2000
FAX (949) 487-2077
e-mail: lscongletonassoc@aol.com

ALAMEDA WEST STRATEGIC RETAIL IMPLEMENTATION RECOMMENDATIONS

EXECUTIVE SUMMARY REPORT

P-473

Prepared for

*City of Alameda
Development Services
Alameda, California*

March 15, 2005

LINDA S. CONGLETON & ASSOCIATES

Strategic Real Estate Retail Market Consultation & Research

31726 Rancho Viejo Road, Suite 108
San Juan Capistrano, CA 92675
(949) 487-2000
FAX: (949) 487-2077
e-mail: lscongletonassoc@aol.com

March 15, 2005

Ms. Debbie Potter
Base Reuse & Redevelopment Manager
Development Services
950 West Mall Square, Room 215
Alameda, CA 94501-7552

P-473

SUBJECT: Alameda West Strategic Retail Implementation Recommendations

Dear Ms. Potter:

Linda S. Congleton & Associates was retained to determine the optimal retail implementation strategy for the City of Alameda's West End retail areas, including Catellus Development's Enterprise Landing site, Webster Street and Alameda Point.

SCOPE OF WORK

Over the last three months, we have:

- conducted in-field evaluations of the sites;
- participated in two Stakeholder meetings attended by representatives of Catellus, Alameda Point, South Shore and the West Alameda Business Association;
- conducted additional one-on-one meetings and participated in telephone conversations with the Stakeholder representatives;
- reviewed previously prepared retail reports submitted to us;
- analyzed Alameda demographics and prepared a grocery store demand analysis based on current and planned trade area housing;
- evaluated proposed leasing, design and retail development program strategies for South Shore, Enterprise Landing and Alameda Point;
- conducted an in-field evaluation of Webster Street's stores and buildings; and
- participated in a number of meetings with city staff and consultants.

INTRODUCTION

The Alameda West Strategic Retail Implementation Recommendations is a market-based analysis intended to check priorities stated in the Economic Development Strategic Plan (EDSP) and the Alameda Citywide Retail Policy against regional market forces, competition, retail leakage data, retail opportunities and retail saturation and voids. Both the EDSP and Citywide Retail Policy grew out of broad community discussion. The purpose of the Alameda West Strategic Retail Implementation Recommendations is to examine the regional marketplace as a source of answers to questions of which retailers are available in the market, where are the new retail opportunities, what are the geographic retail constraints posed by Alameda's Island market, and how do these facts compare with the goals and expectations of these policy documents.

City of Alameda Economic Development Strategic Plan

Strategy #2 of the July 2000 EDSP expresses a desired increase in the availability and quality of retail goods and professional services to meet the purchasing preferences of Alameda residents and the employees of Alameda firms.

Alameda Citywide Retail Policy

The 2004 Alameda Citywide Retail Policy Report updated the retail component of the EDSP and it continued the community dialogue around retail priorities. It is worthwhile recalling several key factors that led up to the Citywide Retail Policy process, including:

- Discussions regarding potential retail development opportunities at the Northern Waterfront - the former Del Monte site, the former Fleet Industrial Supply Center area (Enterprise Landing), and Alameda Point; and
- Redevelopment opportunities at Bridgeside Shopping Center, Webster Street, and retail retenanting and expansion of South Shore Shopping Center.

One theme during the series of community meetings and discussions was to discuss the role or niche played by each of the City's existing retail areas and to discuss the community's expectations and aspirations for the role that future retail areas might play. While the Alameda Citywide Retail Policy made an important contribution to community dialogue, it retained a broad, citywide focus and did not break new ground on an effort to give form and character to the niche that specific new retail areas could and should play.

However, the Citywide Retail Policy Report distilled three major issues and proposed policies which led to this current work effort:

- Leakage – There are types of retail goods and service that residents currently have to seek off the island but would like to find here in Alameda.

There are a number of policies that describe the type of market segments envisioned for new retail development in Alameda. Citywide Policy 3 (CW3) suggests that new retail proposals demonstrate that they will primarily serve the community or meet a high-priority local need.

- Supporting existing retail vs. attracting new retail opportunities – the community wants to see Alameda businesses thrive; there is concern that new retail might threaten the viability of these businesses.

Citywide Policies CW1 And CW3 seek to ensure that new retail centers complement rather than duplicate the primary roles and major economic segments of existing retail areas, and that they not have significant, long- term deleterious effects on existing retail areas and/or the local economy. Retail areas may have some overlapping target markets, with the possibility of similar retailers locating in more than one location, but this should be ancillary to the major economic segments represented.

- Local vs. regional markets – Workshop participants want to see Alameda retail better serve local needs; there is some concern that attracting off-island customers to spend to spend their money in Alameda will not offset the additional traffic impacts.

It is recognized that the many successful existing Alameda retailers rely on their ability to draw shoppers from a trade area that is wider than Alameda. This is especially true for many successful independent specialty retailers. While it is expected that future new successful retailers may follow a similar business model, the community sentiment is that new retailers should not have to rely on being able to draw from beyond alameda's boundaries in order to survive.

The Citywide Retail Policy provided vision and goals as backdrop and context for discussions and recommendations in the Alameda West Strategic Retail Implementation Report, including support for:

- A diverse mix of businesses – lower- , middle- and high-end retail
- Comprehensive range of goods and services that minimize the need to leave the Island
- Scale and design of retail consistent with the small town character of Alameda
- All of Alameda's business districts reaching their potential – and thriving.

Key Citywide Retail Policy goals include:

- Retain, maintain and revitalize existing Alameda retail.
- Attract new business to Alameda that Alamedans want.
- Build on unique assets of Alameda: water access and views.
- Generate sales tax revenue for the City.

With all of this as guidance, it must be said that a primary purpose for preparing the Alameda West Strategic Retail Implementation Recommendations was to help understand the choices or alternatives that flow from six particular policies of the Citywide Retail Policy Report:

- **Regional Center 2 (RC2)** - Any new regional retail center in the West End (at Alameda Point, Enterprise Landing or the Northern Waterfront) should be coordinated with, and if possible enhance, existing, planned and approved retail in Alameda.
- **Regional Center 3 (RC3)** - An additional regional center differentiated from South Shore may address unmet retailing needs of the Alameda community and work force, as projected through General Plan build-out.
- **Regional Center 4 (RC4)** - Support South Shore's efforts to expand and to attract more mid-range tenants and lifestyle retailers that require footprints of between 5,000 and 40,000 square feet of gross leasable space. Typical tenants would include such things as soft goods, apparel, home furnishings, and housewares. *(Note: Changes in the marketplace have made South Shore competitive to retailers of larger size than just 5,000 to 40,000 square feet)*
- **Regional Center 5 (RC5)** - Support, encourage and foster development of a new regional retail center on the West End (at Enterprise Landing, Northern Waterfront or Alameda Point) with quality place-making design and a tenant mix that is a mid- to high-end concept with emphasis on hard goods (furniture and home furnishings, electronics and sporting goods) and larger format national restaurants. Examples of tenant mix would include such things as: general merchandise retailers; furniture; home furnishings; home improvement; household appliances & electronics; hardware; and possibly some apparel; larger format, national restaurants, especially those oriented to the shopper, so as to avoid diluting the Main Street business districts' emphasis on entertainment and independent and fine dining restaurants.
- **Regional Center 6 (RC6)** – Provide for construction of a new grocery store-/ drug store-anchored shopping center at a location other than Enterprise Landing, and in a location within the West End, where a grocery store would be critically needed as an anchor tenant for surrounding retail.
- **Main Street 3 (MSI3)** - Revise the existing General Plan policy 2.5g (calling for preparation of a Specific Plan) with a policy that calls for preparation of a Strategic Plan for Webster Street, including an anchor catalyst retail project. Analysis of possible retail opportunities should include matching new retail to meet the underserved retailing needs of the residential population and demographic mix of the area.

In addition, preparation of the Alameda West Strategic Retail Implementation Recommendations was coordinated with the process of preparing the Webster District Strategic Plan in several ways, but in particular by including individual members of the Economic Development Commission Webster Strategic Plan Task Force in the stake- holder interviews at the beginning and end of the process.

With the closure of the Naval Air Station Alameda (NAS) and the Fleet Industrial Supply Center (FISC), major new development opportunities have opened up on the west end of Alameda. How these key sites are developed, along with the revitalization of Webster Street and South Shore Shopping Center, has informed the key policy documents discussed above. These development opportunities also require that the City understand community aspirations, market forces, the local and regional economy, and project timing and phasing so that it can make informed decisions as part of the entitlement process for specific projects. Toward that end, Linda S. Congleton & Associates (LCA) was retained to determine an optimal retailing strategy for four specific locations. LCA's work is a follow-up to the policy initiatives described above and is intended to fit into the framework of broad retail goals including ensuring that new and existing retail fit with Alameda's quality of life and promoting new retail development that protects and enhances the City's existing retail base.

KEY FACTS & ISSUES

At the inception of this consulting assignment, we were presented with four locations exploring retail additions to the City, with three located in West End Alameda:

1. Catellus Development: a possible 400,000 to 450,000 square foot retail project on a portion of an 84-acre site currently zoned R&D/office (Enterprise Landing). This retail would be adjacent to the new Bayport residential home site, currently being jointly developed by Warmington Homes and Catellus Development.
2. Alameda Point Community Partners (APCP): a minimum of 88,000 square feet of grocery-anchored, neighborhood/community-oriented retail to a maximum of 524,000 square feet of retail oriented to island-wide residents. This retail would be part of a proposed reuse and redevelopment of the former Alameda Naval Air Station.
3. South Shore Shopping Center: 112,000 square feet of new space added to the existing space of about 540,000 square feet, representing Alameda's single largest shopping center destination today. The center is undergoing renovation and re-leasing, with the replacement of anchor, mini-anchor and small shop stores. It is reported that the center is currently in negotiations with Target for the acquisition of land for a 140,000-square-foot store, with a goal of closing in 2005. South Shore is also in negotiations to add Kohl's to the center as part of its re-leasing efforts. Safeway has agreed to relocate and expand its 37,000-square-foot store to 59,000 square feet.
4. Webster Street: The West Alameda Business Association is initiating a strategic marketing plan to attract retailers. One of the preliminary ideas discussed is the addition of a grocery store. Webster Street is a retail district with a variety of uses, including a Days Inn Hotel, a Hawthorne Suites Hotel, the Elders Inn (Seniors project), a number of free-standing fast food operators, auto-related uses, several restaurants/cafes, a small pharmacy, numerous personal services and many other independent entrepreneurial businesses in older, two-level buildings.

According to a September, 2003 Retail Impacts Analysis report prepared by Strategic Economics, the City of Alameda contains 818,000 square feet of retail space in four shopping centers (South Shore, Marina Village, Bridgeside and Harbor Bay Landing) and about 561,000 square feet of retail and service space on Park and Webster Streets, for a total retail inventory of about 1.38 million square feet. The maximum retail space originally suggested by both Catellus and Alameda Point was nearly 1.0 million square feet (974,000 square feet).

Recognizing that the amount of proposed new Alameda retail space is not likely to be realistically achievable, the City of Alameda has asked us to analyze a number of key issues, including the following:

1. How can the City provide a balanced increase in retail space that addresses a portion of the City's retail sales leakage, enhances the City's sales tax base and provides appealing new shopping opportunities in high quality developments? (*EDSP Strategy #2*)
2. What is the realistically achievable amount of square footage that can be added to the City's retail base without cannibalizing the City's existing anchored shopping centers? (*Alameda City Wide Retail Policy, #CW-1*)
3. What are the optimal locations for major new retail additions that bolster the City's chances for leasing and sales success over the long term? (*Alameda City Wide Retail Policy – Regional Center #R C-2, R C-3, R C-5*)
4. Are there a sufficient number of anchor tenants seriously interested in a West End Alameda location to adequately support the proposed centers? (*Alameda City Wide Retail Policy – Regional Center #R C-5*)
5. How can the City balance its near-term retail opportunities with the longer term demand potential generated by new Alameda Point residents? (*Alameda City Wide Retail Policy – Regional Center #R C-5*)
6. Because a significant amount of land at Alameda Point is only suitable for commercial uses, how can the City provide a balance between near-term opportunities and the potential for reserving space for future retail space? (*Alameda City Wide Retail Policy #C W-1*)

SUMMARY CONCLUSIONS & RECOMMENDATIONS

Few large retailers exist that would be willing to serve as the critical anchor stores for Enterprise Landing and Alameda Point. Further, South Shore is undergoing renovation and re-leasing today to attract and secure the most sought-after retailers likely to thrive in Alameda. Should South Shore succeed in implementing its strategy of selling land to Target and adding Kohl's to its tenant mix, the two top contenders for serving as anchor stores will have already been secured for

Alameda East prior to finalizing the entitlement process for Enterprise Landing and Alameda Point.

The addition of Trader Joes at South Shore, the expansion of Safeway at South Shore and the commitment of a 57,000-square-foot Nob Hill grocery store at the Bridgeside redevelopment project have all impacted the demand for new grocery space in Alameda. Our demand analysis shows that strong demand exists for only one more grocery store in Alameda in the near future (see EXHIBIT 4).

Should Target acquire the South Shore site and should Kohl's be added to the tenant mix at South Shore, two community center anchor tenant scenarios are most viable for Enterprise Landing: (1) a center anchored by Lowe's, a major home improvement/home furnishings store of about 130,000 square feet or another major home improvement store; or (2) a community center anchored by a 30,000 to 40,000-square-foot gourmet/specialty grocery store. We project that either scenario would result in a center totaling about 220,000 to 225,000 square feet. This projection is based on our assessment of the retail voids in the market, the number of retailers attracted to these anchor retail types, and the amount of quick foods, dining establishments and small shop space that is compatible with these types of tenant mixes.

If the Enterprise Landing site becomes a home improvement/home furnishings center, additional demand remains over the short-term (e.g., five years) for another specialty grocery store to be located in the West End of Alameda. Alameda Point could start its total mixed-use development in the early years with a grocery-store anchored neighborhood center of about 80,000 to 120,000 square feet located near the entrance to the project, with the center serving the new homes at Bayport, other West End Alameda residents, as well as serving as an amenity for future homes to be built.

Should Enterprise Landing become a community center anchored by a 30,000 – 40,000 square-foot specialty grocery store, additional strong grocery store demand will not be available for another grocery-store-anchored center to be located at Alameda Point in the early years of the project. However, Alameda Point is proposing approximately 1,900 new homes that will provide additional support for grocery store space. Once these homes are fully occupied, demand will exist for another 40,000 – 65,000 square-foot grocery store (see EXHIBIT 5). It is not unrealistic to assume that, once a sizable portion of Alameda Point's homes are under construction, an additional grocery store may be attracted to anchor the first phase of retail in the mixed-use project. The timing of this additional new grocery store may not be achievable until at least half of the homes at Alameda Point are fully occupied, and, therefore, this center would not be developed in the first few years of development.

Additional retail potential at Alameda Point includes possibly attracting a large floorplate tenant (e.g., 150,000 - 160,000 square feet), particularly for some of the site's adaptive reuse space. The remaining amount of retail space at Alameda Point will be dependent upon the amount of visitor-oriented uses that are secured along the waterfront. We estimate a maximum opportunity of 55,000 to 60,000 square feet of visitor-oriented retail space, including dining offerings. The

amount supportable will be highly dependent upon whether Alameda Point becomes a visitor destination for non-Alameda residents.

The highest and best economic retail strategy for Webster Street, irrespective of current zoning restrictions, is conversion of two story, older buildings to work-live environments and other upper level housing programs, such as rental housing, with ground floor retail. No major redevelopment intervention program would be financially feasible or doable given the lack of available empty sites or suitable buildings for major anchor store uses, such as a grocery store. Moreover, even if a grocery store were added to the street, such a program would not generate high spin-off sales to surrounding uses, and therefore, cannot be justified in terms of increasing on-street sales.

Based on our review of City demographics, the number of possible key anchor stores, and the realistically achievable range of mini-anchor and small shop opportunities associated with these anchor stores (as discussed above), there is the optimum potential to add approximately 520,000 - 580,000 square feet of retail space at Alameda's West End, assuming Target and Kohl's locate at Alameda's South Shore center (see table below).

**ALAMEDA WEST END
POTENTIAL RETAIL SPACE
OPTIMUM SCENARIO**

Enterprise Landing	
Community Center	220,000 – 225,000 sq. ft.
Waterfront Restaurants	15,000 – 20,000 sq. ft.
Total	235,000 – 245,000 sq. ft.
Alameda Point	
Neighborhood Center	80,000 – 120,000 sq. ft.
Large Format Retailer	150,000 – 160,000 sq. ft.
Visitor-Oriented Retail	55,000 – 60,000 sq. ft.
Total	285,000 – 340,000 sq. ft.
Webster Street	<i>No large amounts of new net square footage</i>
Grand Total	520,000 – 585,000 sq. ft.

This optimum scenario, however, does not reflect a worst case scenario reflecting the inability of one or both developers, Catellus Development and/or APCP, not securing its sought after anchor stores. Moreover, the possibility exists that APCP is not successful in securing a large format retailer, particularly for any of its large existing former Naval Base structures. Creating a visitor-oriented destination at the APCP site may not be easy to achieve, and, therefore, the possibility also exists that APCP will not be able to support any square footage of retail space targeted to non-Alameda residents. Should this "worst case" situation occur, APCP may only be able to support a minor amount of office-support and/or neighborhood convenience retail space of about 8,000 to 10,000 square feet. The second table below, therefore, shows a worst case scenario for both Catellus and APCP, with 8,000 to 395,000 square feet reflecting this alternative's estimated range of supportable square footage.

**ALAMEDA WEST END
POTENTIAL RETAIL SPACE
WORST CASE SCENARIO**

Enterprise Landing	
Community Center	0 -- 220,000 sq. ft.
Waterfront Restaurants	0 -- 15,000 sq. ft.
Total	0 -- 235,000 sq. ft.
Alameda Point	
Neighborhood Center	0 sq. ft.
Large Format Retailer	0 -- 150,000 sq. ft.
Visitor-Oriented Retail	0 sq. ft.
Office Support/Neighborhood Convenience Retail	8,000 -- 10,000 sq. ft.
Total	8,000 -- 160,000 sq. ft.
Webster Street	<i>No large amounts of new net square footage</i>
Grand Total	8,000 -- 395,000 sq. ft.

DISCUSSION

City Demographic & Locational Constraints & Opportunities

In the retail industry, we define the primary trade area for a shopping center as the residential area from which the shopping center can expect to generate most (67% to 80% +) of its sales. The City of Alameda's self-contained island physical characteristics define the primary trade area for the West End Alameda areas being reviewed. Major physical barriers define the city of Alameda, providing a sense of community identity and culture that is distinct from the city of Oakland, located to the east.

The City of Alameda's physical separators include the San Francisco Bay to the south and west; the Alameda-Oakland Inner Harbor to the north and east separating the island from the city of Oakland; the Oakland Airport immediately south of Alameda; the San Leandro Channel and Bay separating the south ends of Alameda from Oakland; and the Freeway 880, which runs parallel to the western edge of Oakland (see EXHIBIT 1, map).

According to the 2000 Census, Alameda contains 72,259 persons living in about 30,000 occupied households (see EXHIBITS 2 and 2A). Alameda's households are relatively affluent, with estimated median incomes (for 2003) at about \$65,000 a year and average incomes of over \$83,000 a year. The Census reports median age of 38.3 years and an average household size of 2.3 persons. The relatively modest average household size reflects a trade area that contains high percentages of singles and childless couples—large family household trade areas typically report 2.5 to 3.0 persons or higher. Nearly half of the households are owner-occupied, with slightly more than half consisting of renter-occupied units. Renter households include upscale residents renting by choice; those renting single family homes; and those renting as a result of the very high Bay Area home sales prices.

Although Alameda's residents are clearly affluent, the 30,000 homes representing this self-contained community provide a ceiling on the types and quantities of retailers that can thrive in Alameda. Some large retailers (50,000 to 100,000 square feet or more) require primary trade areas with significantly higher numbers of households because their merchandise generates lower frequency buying patterns, particularly if the merchandise is highly specialized. The retailers seek high quantities of homes that may shop their store on a monthly basis. For example, many large regional department stores, both full-price and discount, require primary trade areas with at least 100,000 households. Moreover, these types of retailers usually seek locations with easy, quick freeway access and often freeway visibility as well. None of the Alameda West End sites evaluated are located directly along a major freeway, and therefore, cannot draw from communities well beyond Alameda's borders.

In contrast, some large retailers of 50,000 to 100,000+ square feet can do well in community-oriented locations, such as Alameda, because the store's merchandising format attracts shoppers on a more frequent basis (say, several times a month). Examples include Target and Kohl's. These retailers do not require freeway-frontage locations.

We have prepared an analysis of the neighborhood lifestyle clusters for Alameda's households to further evaluate residents' shopping desires and preferences (see EXHIBIT 3). Incomes alone do not provide the subjective information needed to predict the types of retail appealing to residents served by a community-oriented shopping destination. For example, the following two lifestyle categories for households earning over \$50,000 a year would exhibit major shopping pattern differences: (1) "Young Literati" or upscale urban singles and couples and (2) "American Dreams" or established upscale immigrant families with children. Young Literati, typically highly educated, childless residents, are excellent consumers of artworks, books, fitness services and products, travel and home furnishings. In contrast, established upscale immigrant families are strong spenders on their children's necessity goods, apparel and educational expenses.

EXHIBIT 3 segments Alameda's households into categories that represent the nation's highest-spending clusters, and categories that represent the highest household percentages in the City. Nearly 61% of Alameda's households are in the highest spending lifestyle categories in the nation, with another 23.4% consisting of upper-middle income, white-collar urban couples ("Urban Achievers")—also excellent consumers of discretionary goods, services and foods because of their urban lifestyle and lack of child-related spending obligations. In fact, Alameda's neighborhoods contain significant percentages of highly educated, upper-middle-income and upscale childless singles, couples and couples with few children (Urban Achievers-23.4%; Money and Brains-19.8%; Young Literati-17.3% and Bohemian Mix-4.2%).

The household groups described above have excellent discretionary spending possibilities and lifestyles that favor frequent evening dining, purchases of take-out meals, gourmet foods and liquor, books and art, electronics and home furnishings and accessories. Therefore, a mix of community-oriented, value-priced retailers offering home improvement goods and services, furnishings and accessories, including electronics, and specialty foods, are likely to be well-received at newly developed West End Alameda locations.

Grocery Demand Analysis

We prepared a theoretical convenience goods (grocery/drug/liquor) demand analysis for the City of Alameda in order to assess the demand for new space, or alternately, the over-supply of the market. This analysis was prepared as of the end of 2004/early 2005 using the City of Alameda's figures for actual building permits issued since the year 2000 (251 units) and adding these units to the year 2000 Census figures of 30,226 for a total of 30,477 housing units (see EXHIBIT 4). For this analysis, we assumed that Alameda residents make 100% of their grocery/drug/liquor purchases within the City—a phenomenon that never occurs in fact due to the existence of big box warehouse stores like Wal-Mart and Costco. These warehouse stores, often located outside a resident trade area (such as the Wal-Mart and Costco in San Leandro, just south of Alameda), draw off significant portions of the convenience goods spending. Nevertheless, this analysis is often useful as an indicator of the overall health of the convenience goods market because in many—if not most—California markets the resident trade areas are over-supplied with grocery stores using the same analysis technique.

Alameda shows very different demand results from many California trade areas. New theoretical demand exists for convenience goods space (grocery/drug/liquor store space), even after accounting for the recent addition of Trader Joes at South Shore, the future expansion of Safeway at South Shore and the addition of Nob Hill at Bridgeside. The demand for new space is unusual for a City that is nearly built-out. The reason for this situation is the limited amount of land on the island to accommodate large, contemporary-sized grocery stores. Most new grocery stores today require about 42,000 to 65,000 square feet to adequately merchandise their offerings, including the higher-profit-margin goods found in deli, bakery and liquor sections of the store. With the exception of the 40,991-square-foot Albertsons located at the Marina Village Center, all stores in Alameda today are less than 40,000 square feet.

Although demand exists for one additional grocery store, generous demand does not exist for more than one contemporary-sized store in the resident trade area in the near future—particularly in light of the inability to actually capture 100% of all resident convenience goods spending. Should more than one grocery store be added to Alameda in the near future, we believe the competitive environment would become over-saturated, resulting in weaker sales for the existing array of grocery retailers (see EXHIBIT 4).

In the future, however, new home growth generates new demand for grocery store space. Retailers are not willing to open a new store until they see that a development is under construction and they feel confident that the new homes will be occupied with new shoppers within a short-term time frame. We have modeled the theoretical demand for grocery/drug/liquor space upon the build-out of Alameda Point (1,900 homes) and Catellus Development's residential areas (Bayport, 500 homes). A total of 2,400 homes built in Bayport and Alameda Point generates sizable demand for new grocery store space (see EXHIBIT 5).

Should a 30,000 – 40,000 square-foot specialty grocery store be located at Enterprise Landing, additional demand will remain for a traditionally-sized (40,000 to 65,000-square-foot) grocery store in the West End Alameda area, after the homes at Alameda Point and Bayport are built out. A second grocery store would not likely commit to an Alameda Point location at this time if it knew that a store had already been committed to Enterprise Landing. Retailers typically have short time horizons (3 to 5 years) and they would need to see substantial housing construction underway at Alameda Point before they would be willing to commit to a site. In fact, a new grocery store may not commit until at least half of the future homes at Alameda Point had already been occupied. Not only do new retailers wish to see that the new housing construction is underway, they want to feel confident that the existing retailers are showing thriving retail sales revenues before they venture into the market. Therefore, there is the possibility of long-term demand for two grocery stores (one specialty and one traditional) in the West End of Alameda totaling about 100,000 square feet, once Alameda Point's housing units are well underway.

Anchor Tenant Prospects

Based on our review of City demographics, the existing shopping centers and the proposed leasing programs for each of the sites, we have concluded that few anchor retailers exist that can thrive in Alameda. As mentioned in the City Demographics section above, the 30,000 homes

constituting the island community, establish a ceiling on the types and quantities of retailers that can thrive in the City. A fixed and rather limited number of retailers can thrive in community-oriented locations, such as Alameda. Because none of the Alameda West End sites evaluated are characterized by direct freeway frontage, the sites cannot draw many miles beyond the City of Alameda's borders. Therefore, potential retail anchors must be those that can attract Alameda-wide shoppers on a frequent basis (say, several times a month), because their merchandise offerings are broadly appealing. These anchor tenant possibilities are those that would typically serve as key stores for community-based centers—not regional malls or extremely large, big box power centers.

Mervyns, the 84,000-square-foot junior department store located at South Shore, is an example of a community center anchor store. Other examples include community-oriented discount department stores, such as Target and K-Mart. These store sizes tend to range from about 120,000 to 140,000 square feet. Kohl's is another example of a junior department store that anchors community centers and is usually housed in about 85,000 square feet. Other candidates for community-based centers obviously include grocery stores, the typical anchor store for a local-serving neighborhood center. Niche grocery stores, such as those that offer specialized gourmet and nutritional goods, freshly-prepared foods, and high-end specialty packaged foods, are typically located in community centers—not neighborhood centers—due to the highly specialized nature that draws shoppers on, say a bi-monthly basis versus the weekly basis of a typical grocery store. Examples include Trader Joes, Whole Foods, Bristol Farms, Mollie Stone's and Wild Oats Markets.

Discussions at the meetings with Stakeholder representatives validated the fact that pre-leasing efforts have resulted in a limited number of potential community and neighborhood center anchor stores interested in a West End Alameda location. Anchor tenant names discussed were limited to the following retailers:

1. Target
2. Kohl's
3. Costco
4. Lowe's
5. A grocery store. Names mentioned included Whole Foods, Andronico's and 99 Ranch.

Without an anchor store, none of the sites can support much additional small shop space; moreover none of the Stakeholders was interested in proceeding with a major retail center without an anchor store. These anchor stores are necessary for a successful center because they attract other large (5,000-10,000-square-foot) tenants to a development.

It is reported that Target desires to purchase land at the South Shore Shopping Center, with the goal of closing in 2005. Therefore, the City of Alameda should know within a number of months whether Target has finalized a deal at South Shore. Furthermore, it has been reported that Kohl's is under negotiations to be added to the renovated South Shore center. Because South Shore's re-leasing and renovation program is further along than Enterprise Landing and Alameda Point, the addition of Kohl's appears to be likely at South Shore.

Therefore, should South Shore finalize two new anchor deals, only three remaining retailers have been identified as interested and suitable for Alameda: Costco, Lowe's and a new grocery store.

FINAL CONCLUSIONS & PROGRAMMING RECOMMENDATIONS

Enterprise Landing

A home improvement/furnishings center is one of the viable retail program options for a portion of Catellus Development's Enterprise Landing site, given the few number of potential anchor retailers available. An attractive, contemporary-designed center anchored by the home improvement retailer, such as Lowe's, is compatible with local demographics and unmet retail voids. For example, a full-service Lowe's would be about 130,000 square feet, with a garden center. The home center and hardware chain is interested in expanding to serve the Alameda area and is well-recognized for its excellent customer service.

Additional retail voids in Alameda could be filled by securing a major electronics retailer (e.g., Best Buy); a large, party store outlet; an upscale furniture store; an office supply outlet; other home furnishings small shop space and several high-quality quick food pads. This type of center is estimated at about 220,000 to 225,000 square feet. This square footage excludes additional waterfront retail space of about 15,000 square feet reserved for major, view-oriented restaurants. Therefore, this retail program scenario results in total retail space on the Enterprise Landing site ranging from about 235,000 to 240,000 square feet.

Large, value-oriented retailers, such as those proposed for Enterprise Landing, require a simple site plan with generous parking in front of their stores. In order to achieve strong sales, these retailers must provide a convenient shopping destination that easily accommodates the customers' ability to take home large purchases. Moreover, because the center size is relatively modest, at about 225,000 square feet, the presentation of the retailers needs to be clearly seen from the parking lot area. These requirements can be achieved with high quality design features.

Landscaping and façade treatment need to be designed in keeping with the large-format stores that are accessed via the car. Because these retailers offer deep discounts and value-priced merchandise, their rents and common area charges are relatively modest in contrast to regional mall small shops, specialty centers or upscale "lifestyle centers". Therefore, the amenities provided in a home furnishings-oriented community center need to reflect the lower maintenance charges received from the retailers. Design priorities should focus on the ease of access, the clear presentation of the retailers, the open parking configuration and auto orientation of the shopping experience.

As shown in the following photo examples, however, many of these newer value-oriented centers provide a broad array of pleasing treatments, increasing the shopping appeal for customers. Landscaping treatments, small park and water amenities, public art, and upgraded façade treatments can all add to the attractiveness of the center. The inclusion of pockets of outdoor dining venues, small cafes, quick foods, and restaurants can also add a "gathering place"

environment to the centers. In some cases, where cities desire highly upgraded designs with public amenities, some supplemental funding participation may be required to assist the developer. In some cities, redevelopment agencies serve this role, providing the additional financial assistance.



Lowe's with Generous Landscaping



Contemporary Design – Under Construction



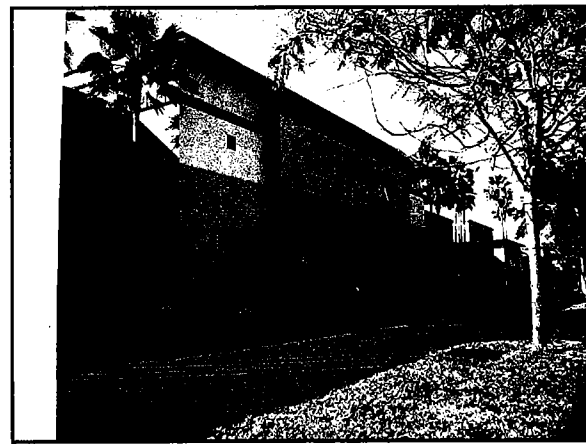
New Lowe's – Contemporary Design



Landscaping & Awnings Enhance Facade



Landscaping & Awnings Enhance Facade



Stone Façade Treatment & Landscaping



Street Pavers, Landscaping & Upscale Cafes



Landscaping & Stone Façade Treatments



"Pocket Park" with Fountain



Parking Area Landscaping



Signage, Landscaping Enhancing Fronts



Cafes, Dining Area with Umbrellas & Pavers

Should the Enterprise Landing site be anchored by a 30,000 – 40,000 square-foot specialty grocery store, many of the same design principles discussed above apply; although open parking layouts are the preference of anchor and mini-anchor (5,000 to 15,000-square-foot) tenants, tasteful landscaping and attractive façade treatments can add much to create a shopping destination of high quality that will be valued and appreciated by local shoppers. This center is expected to total about 225,000 square feet, as well.

Both Enterprise Landing retail program scenarios are separate from the potential for adding destination-oriented, freestanding restaurants along the water's edge. We estimate that two to three major restaurants, totaling about 15,000 square feet may be attracted to this waterfront. In addition, we understand that Catellus Development has interest from a unique specialty use, a wine tasting center that would provide an attractive, visitor-appealing amenity to the location.

Should Target and Harsch Investments not be able to close a deal for a site at South Shore, for any reason, the City of Alameda should encourage Target to locate at Enterprise Landing. Clearly, Target desires to locate a new store in Alameda soon. Retailers tend to be highly impatient once they have decided to open a store in a selected area. Alameda risks losing Target to a nearby—but not Alameda—location if the City does not encourage the retailer to take the Enterprise Landing location as a second choice to South Shore. Because Alameda Point's entitlement process is expected to take considerably longer than Catellus', we recommend proceeding quickly to assure Target of the City's interest should it not purchase a South Shore site.

Because Target generates frequent, community-based shopping trips, the retailer spins off significant cross-shopping to other, small and medium-sized retailers. In other words, many retailers are attracted to a Target-anchored center that would not otherwise go to a smaller, home-furnishings/improvement-anchored center. The tenant mix of a Target-anchored center can be more diverse to include a greater variety of shops, particularly in the 2,500 to 10,000-square-foot range. Total square footage could range up to about 340,000 to 405,000 square feet for a Target-anchored center at Enterprise Landing.

Alameda Point

Alameda Point is the proposed reuse and redevelopment of the former Alameda Naval Air Station into a mixed-use residential and commercial community. The redevelopment will represent the largest infusion of new homes in Alameda in many years; once complete, the City will be virtually built out.

Typical of master planned developers, APCP is concerned about providing community-related services to its new residents. A site has been reserved for a grocery-anchored neighborhood center on Atlantic, just beyond the main entrance to Alameda Point. This location could be developed in the early years of Alameda Point to serve the new homes at Bayport and to provide additional grocery store choices in the West End—if a new grocery store is not added to the Enterprise Landing site. As new homes are occupied, this grocery store will benefit from additional sales generated by new home owners.

APCP may wish to phase its neighborhood center, with an initial project to include a grocery store anchor and minimal small shop space (such as a 48,000-square-foot grocery and 30,000 square feet of small shop space). As the community matures, additional neighborhood-oriented space may be added, including local dining uses.

Should Enterprise Landing anchor its retail center with a specialty grocery store of about 30,000 – 40,000 square feet, our analysis shows demand for an additional grocery store at Alameda Point of about 40,000 to 65,000 square feet. However, this demand would not fully mature until a time period close to build-out of the Alameda Point mixed-use community. That is, a new grocery store is unlikely to be attracted or supported by West End Alameda residents until a substantial number of the homes at Alameda Point are built. Therefore, APCP would need to phase development of this grocery-store-anchored center for some time in the middle of the development program for the entire project—not at the beginning (see EXHIBIT 5).

Alameda Point houses numerous warehouse/industrial-like buildings that are part of an historic district and programmed for adaptive reuse. APCP seeks to secure a commercial/retail user that may be able to economically reuse these old structures. About 150,000-160,000 square feet is programmed into Alameda Point's development plan for a major destination, warehouse-type retailer.

Several Alameda Point development goals include physically enhancing the waterfront area facing the San Francisco Bay; creating ferry access to San Francisco; and building waterfront boat slips. Should this waterfront area become a Bay Area visitor destination, additional retail/dining space may be supportable. In order to provide long-term flexibility for such a program, an additional 55,000 to 60,000 square feet of visitor-serving retail (that is also appealing to local residents) is recommended. We envision this square footage to be developed in the later stages of the project, in combination with other visitor-oriented, waterfront amenities.

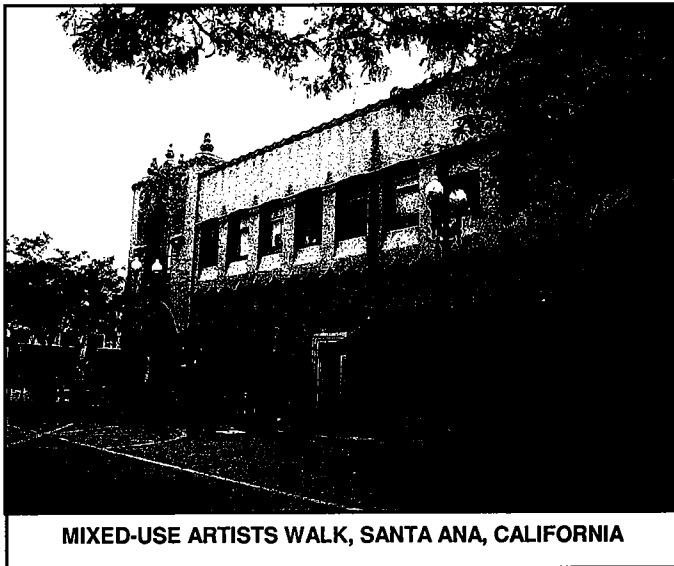
Webster Street

Webster Street's strengths include: (1) A collection of single- and two-level older buildings toward the north end of the street; (2) Its many entrepreneurial businesses; and (3) An active arts community, including the Alameda Art Center. Any revitalization program should build upon the street's existing strengths.

No large vacant spaces exist for a major, new redevelopment project. The street either contains economically viable, free-standing uses, such as the hotels, fast food operations, gas stations, or financial buildings, or older, interesting buildings with entrepreneurial businesses. Demolition and re-building is not recommended given the high cost of acquiring buildings with operating businesses.

No large redevelopment intervention program is recommended. Instead, we recommend building upon the existing, organic entrepreneurial business environment by encouraging incremental new construction and renovation of buildings into work-live and ground floor retail with upper level

residential. We are finding strong interest in older, small downtowns as well as new master planned communities for work-live products. Unlike many of those developments that are “artificially” creating work-live units with the hopes of attracting new small businesses owners, Webster Street already has the building stock and environment for such uses. Examples of work-live and artists lofts are included in the photos below of the Artists Walk area of Downtown Santa Ana.



Concluding Remarks

The retail program recommended accomplishes the following:

1. Retail sales leakage is significantly reduced should Target and Kohl's be added to South Shore. Should Catellus proceed with the retail program outlined, voids in home improvement, home furnishings, electronics and other miscellaneous categories will be filled.
2. The retail program provides a balanced addition of a maximum total of 520,000 – 580,000 square feet: 235,000 – 240,000 square feet at Enterprise Landing and a maximum of 340,000 square feet at Alameda Point (120,000 neighborhood center; 160,000 big box; and 60,000 square feet of visitor-oriented space).
3. The retail program places the new retail additions in solid locations for long-term success.
4. Although few anchor retailers are available, the retail program recommended provides room for all those candidates that can realistically thrive on the island.

5. The retail program balances near-term opportunities of filling spaces at South Shore, allows for the possibility of developing a commercial program on Enterprise Landing, and provides major retail opportunities for Alameda Point in the future.
-

We have enjoyed working on this challenging assignment and wish you continued success in your future retail development projects.

Very truly yours,

LINDA S. CONGLETON & ASSOCIATES

Linda S. Congleton
Principal

DEMAND ANALYSIS
CITY OF ALAMEDA
EXHIBIT LIST

	<u>Tab No.</u>
Resident Trade Area Map Alameda, California	1
Census 2000 Alameda, California	2
Summary of Selected Demographic Characteristics Alameda, California Resident Trade Area	2A
Neighborhood Lifestyle Clusters – Occupied Households Alameda, California Resident Trade Area	3
City of Alameda Grocery Store Demand Analysis	4
City of Alameda Grocery Store Demand Analysis: Build-Out Homes 500 Units at Enterprise Landing & 1,900 Homes at Alameda Point	5

EXHIBIT 1
RESIDENT TRADE AREA
ALAMEDA, CALIFORNIA

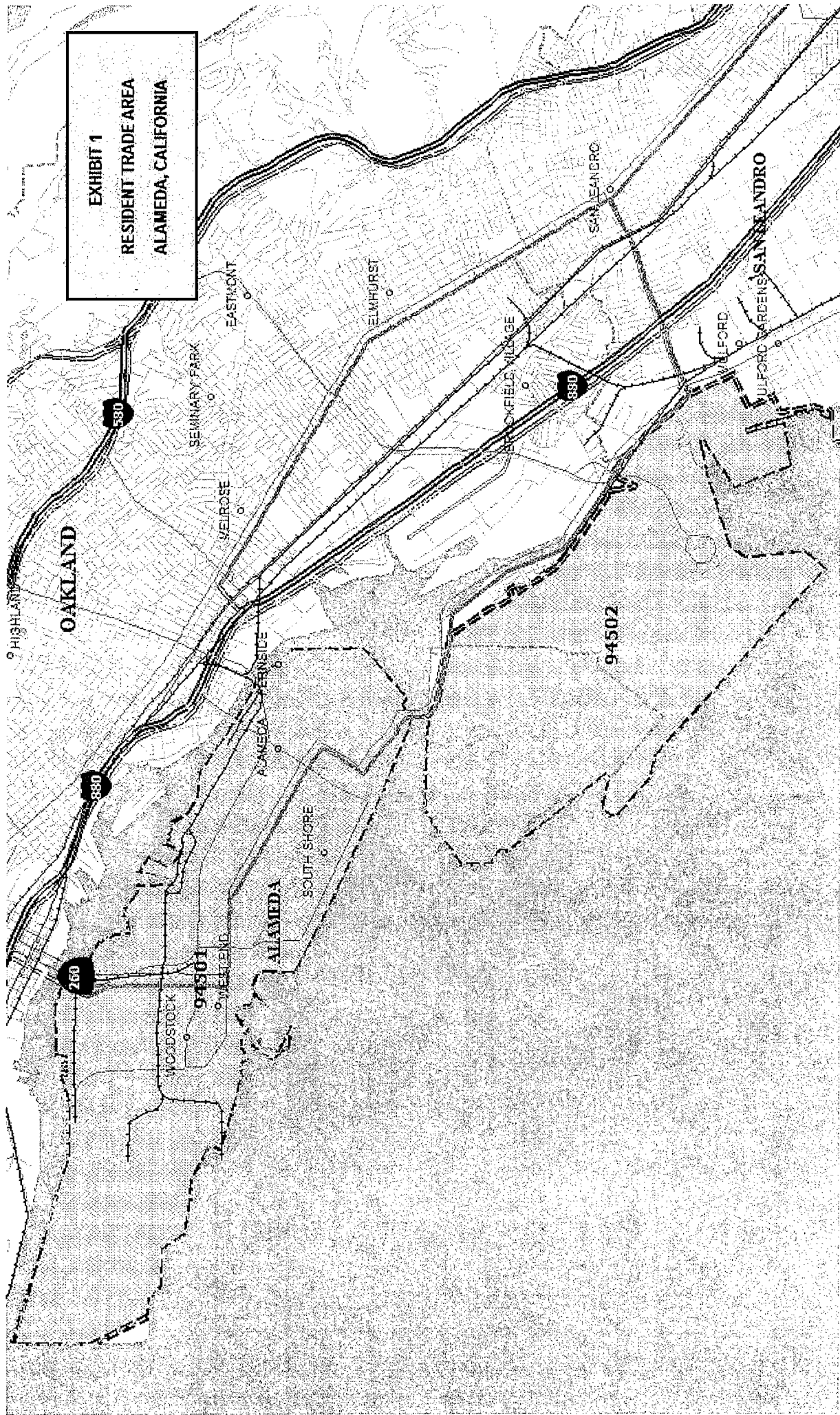


EXHIBIT 2

CENSUS 2000 CITY OF ALAMEDA

TOTAL POPULATION	72,259	100.0%
RACE		
White	41,148	56.9%
Black or African American	4,488	6.2%
American Indian and Alaska Native	484	0.7%
Asian	18,894	26.1%
Native Hawaiian and Other Pacific Islander	434	0.6%
Some other race	2,380	3.3%
Two or more races	4,431	6.1%
HISPANIC OR LATINO AND RACE		
Hispanic or Latino (of any race)	6,725	9.3%
Not Hispanic or Latino	65,534	90.7%
White	37,921	52.5%
Black or African American	4,350	6.0%
American Indian and Alaska Native	365	0.5%
Asian	18,757	26.0%
Native Hawaiian and Other Pacific Islander	407	0.6%
Some other race	235	0.3%
Two or more races	3,499	4.8%
SEX AND AGE		
Male	34,689	48.0%
Female	37,570	52.0%
Under 5 years	4,057	5.6%
5 to 9 years	4,499	6.2%
10 to 14 years	4,459	6.2%
15 to 19 years	3,965	5.5%
20 to 24 years	3,648	5.0%
25 to 34 years	11,077	15.3%
35 to 44 years	13,169	18.2%
45 to 54 years	11,410	15.8%
55 to 59 years	3,684	5.1%
60 to 64 years	2,686	3.7%
65 to 74 years	4,712	6.5%
75 to 84 years	3,569	4.9%
85 years and over	1,324	1.8%
Median age (years)	38.3	(X)
HOUSEHOLDS BY TYPE		
Total households	30,226	100.0%
Family households (families)	17,858	59.1%
With own children under 18 years	8,378	27.7%
Married-couple family	13,198	43.7%
With own children under 18 years	5,979	19.8%
Female householder, no husband present	3,454	11.4%

EXHIBIT 2

With own children under 18 years	1,872	6.2%
Nonfamily households	12,368	40.9%
Householder living alone	9,747	32.2%
Householder 65 years and over	2,830	9.4%
Average household size	2.35	(X)
Average family size	3.04	(X)
HOUSING OCCUPANCY		
Total housing units	31,644	100.0%
Occupied housing units	30,226	95.5%
Vacant housing units	1,418	4.5%
HOUSING TENURE		
Occupied housing units	30,226	100.0%
Owner-occupied housing units	14,486	47.9%
Renter-occupied housing units	15,740	52.1%
Average household size of owner-occupied unit	2.50	(X)
Average household size of renter-occupied unit	2.22	(X)

Association of Bay Area Governments
census.abag.ca.gov

Metropolitan Transportation Commission
census.mtc.ca.gov

Source: U.S. Census, PL94-171 (March 2001) and DP-1 (May 2001)

More detailed census information is available from the American Fact Finder
factfinder.census.gov

EXHIBIT 3
NEIGHBORHOOD LIFESTYLE CLUSTERS - OCCUPIED HOUSEHOLDS
Alameda, California, Resident Trade Area ¹

[----- HIGHER INCOME/EXPENDITURE CLUSTERS -----]					
--- Cluster Name ---	--- Percent ²	--- Cluster Name ---	--- Percent ²	--- Cluster Name ---	--- Percent ²
ELITE SUBURBS	7.7%	URBAN UPTOWN	50.5%	SECOND CITY SOCIETY	2.6%
Blue Blood Estates	3.6%	Urban Gold Coast	0.0%	Second-City Elite	0.0%
Winner's Circle	0.0%	Money & Brains	19.8%	Upward Bound	0.0%
Executive Suites	0.0%	Young Literati	17.3%	Gray Power	2.6%
Pools & Patis	4.1%	American Dreams	9.2%		
Kids & Cul-de-Sacs	0.0%	Bohemian Mix	4.2%		
THE AFFLUENTIALS	0.0%				
Young Influentials	0.0%				
New Empty Nests	0.0%				
Boomers & Babies	0.0%				
Suburban Sprawl	0.0%				
Blue-Chip Blues	0.0%				
				COUNTRY SQUIRES	0.0%
				GOD'S COUNTRY	0.0%
				BIG FISH SMALL POND	0.0%
				GREENBELT FAMILIES	0.0%
				LANDED GENTRY	0.0%
				TOTAL HIGHER INCOME/ EXPENDITURE CLUSTERS . . . 60.9%	

[-----SELECTED SUMMARY OF HIGH PERCENTAGE CLUSTERS ³ -----] --- Cluster Name ---	Characteristics -----	Percent ²	[-----REMAINING LIFESTYLE CLUSTERS-----]	Cluster Name ---	Percent ²
TOTAL HIGH PERCENTAGE CLUSTERS		81.0%	TOTAL REMAINING LIFESTYLE CLUSTERS		19.0%
Urban Achievers	[Mid-Level, White-Collar, Urban Couples]	23.4%	Bohemian Mix	Military Quarters	1.7%
Money and Brains	[Sophisticated Urban Fringe Couples]	19.8%	Pools and Patios	Single City Blues	1.5%
Young Literati	[Upscale Urban Singles and Couples]	17.3%	Blue Blood Estates	Big City Blend	1.2%
Old Yankee Rows	[Empty-Nest, Middle-Class Families]	11.3%	Gray Power		
American Dreams	[Established Urban Immigrant Families]	9.2%			
			TOTAL OF ALL CLUSTERS		100.0%

¹ Includes Zip Codes 94501 & 94502.

² Percent of Distribution of 2003 Occupied Households.

³ Includes all clusters representing about 5% or greater of percentage distribution only. See Appendix for Definitions of Neighborhood Lifestyle Clusters. Minor discrepancies in calculations due to rounding.

EXHIBIT 3
NEIGHBORHOOD LIFESTYLE CLUSTERS - OCCUPIED HOUSEHOLDS
Alameda, California, Resident Trade Area ¹

[----- HIGHER INCOME/EXPENDITURE CLUSTERS -----]					
--- Cluster Name ---	--- Percent ² ---	--- Cluster Name ---	--- Percent ² ---	--- Cluster Name ---	--- Percent ² ---
ELITE SUBURBS	7.7%	URBAN UPTOWN	50.5%	SECOND CITY SOCIETY	2.6%
Blue Blood Estates	3.6%	Urban Gold Coast	0.0%	Second-City Elite	0.0%
Winner's Circle	0.0%	Money & Brains	19.8%	Upward Bound	0.0%
Executive Suites	0.0%	Young Literati	17.3%	Gray Power	2.6%
Pools & Patis	4.1%	American Dreams	9.2%		
Kids & Cul-de-Sacs	0.0%	Bohemian Mix	4.2%		
THE AFFLUENTIALS					
Young Influentials	0.0%				
New Empty Nests	0.0%				
Boomers & Babies	0.0%				
Suburban Sprawl	0.0%				
Blue-Chip Blues	0.0%				
				<div style="border: 1px dotted black; padding: 5px; text-align: center;"> TOTAL HIGHER INCOME/ EXPENDITURE CLUSTERS. . . 60.9% </div>	

[-----SELECTED SUMMARY OF HIGH PERCENTAGE CLUSTERS ³ -----]			[-----REMAINING LIFESTYLE CLUSTERS-----]		
--- Cluster Name ---	---- Characteristics ----	--- Percent ² ---	--- Cluster Name ---	--- Percent ² ---	--- Percent ² ---
TOTAL HIGH PERCENTAGE CLUSTERS		81.0%	TOTAL REMAINING LIFESTYLE CLUSTERS		19.0%
Urban Achievers	[Mid-Level, White-Collar, Urban Couples]	23.4%	Bohemian Mix	4.2%	Military Quarters
Money and Brains	[Sophisticated Urban Fringe Couples]	19.8%	Pools and Patios	4.1%	Single City Blues
Young Literati	[Upscale Urban Singles and Couples]	17.3%	Blue Blood Estates	3.6%	Big City Blend
Old Yankee Rows	[Empty-Nest, Middle-Class Families]	11.3%	Gray Power	2.6%	
American Dreams	[Established Urban Immigrant Families]	9.2%			
			TOTAL OF ALL CLUSTERS		100.0%

¹ Includes Zip Codes 94501 & 94502.

² Percent of Distribution of 2003 Occupied Households.

³ Includes all clusters representing about 5% or greater of percentage distribution only. See Appendix for Definitions of Neighborhood Lifestyle Clusters. Minor discrepancies in calculations due to rounding.

EXHIBIT 4

**CITY OF ALAMEDA
GROCERY STORE DEMAND ANALYSIS
For 2004-2005**

[----- 2004 ESTIMATES -----]		EXPENDITURE POTENTIAL (000)	EST. TOTAL ANNUAL SALES (000)	ASSUMED % CAPTURE	MAX. S.F. DEMAND	TARGET SALES/S.F.
POPULATION	73,555					
EST. OCCUPIED HOUSEHOLDS ^{1/}	30,477					
MEDIAN HOUSEHOLD INCOME	\$64,753					
TOTAL DISPOSABLE INCOME ^{2/} (000)	\$1,697,190					
EXPENDITURE POTENTIAL:						
[----- Tenant Type -----]						
CONVENIENCE GOODS.(000) ^{3/}		\$267,986	\$267,986	100%	428,778	\$625

TOTAL MAX. SUPPORTABLE S.F.: 428,778

TOTAL ESTIMATED SUPPLY :

1. Safeway, South Shore	37,231
2. Albertsons, South Shore	35,254
3. Walgreens, South Shore	21,450
4. South Shore Liquors	2,000
5. Safeway, Harbor Bay Landing	34,333
6. Longs, Harbor Bay Landing	15,695
7. Albertsons, Marina Village Center	40,991
8. Longs, Marina Village Center	25,800
9. Walgreens	15,000
10. Trader Joes	10,000
11. Nob Hill (planned)	57,000
12. Expanded Safeway space at South Shore	22,000
13. Park St. Marketplace	15,000
14. Misc. Small Grocery Space	28,500

Total Grocery/Drug: 360,254

New Grocery/Drug Demand Or (Over-Supply): 68,524

1/ Year 2000 U.S. Census Households (EX. 2) of 30,226 plus 251 new bldg. permits issued since 1/1/00.

2/ Per Survey of Current Business Data.

3/ Convenience Goods includes expenditures made at grocery stores, drug stores, liquor stores, medical supplies/prescriptions, auto accessories, plants and cleaning supplies.

EXHIBIT 5

CITY OF ALAMEDA
GROCERY STORE DEMAND ANALYSIS: Build-Out Homes
500 Units at Enterprise Landing & 1,900 Homes At Alameda Point

		EXPENDITURE POTENTIAL (000)	EST. TOTAL ANNUAL SALES (000)	ASSUMED % CAPTURE	MAX. S.F. DEMAND	TARGET SALES/S.F.
POPULATION	73,555					
OCCUPIED HOUSEHOLDS ^{1/}	32,877					
MEDIAN HOUSEHOLD INCOME	\$64,753					
TOTAL DISPOSABLE INCOME ^{2/} (000)	\$1,830,841					
EXPENDITURE POTENTIAL:						
[----- Tenant Type -----]						
CONVENIENCE GOODS.(000) ^{3/}		\$289,090	\$289,090	100%	462,544	\$625

TOTAL MAX. SUPPORTABLE S.F.: 462,544

TOTAL ESTIMATED SUPPLY :

1. Safeway, South Shore	37,231
2. Albertsons, South Shore	35,254
3. Walgreens, South Shore	21,450
4. South Shore Liquors	2,000
5. Safeway, Harbor Bay Landing	34,333
6. Longs, Harbor Bay Landing	15,695
7. Albertsons, Marina Village Center	40,991
8. Longs, Marina Village Center	25,800
9. Walgreens	15,000
10. Trader Joes	10,000
11. Nob Hill (planned)	57,000
12. Expanded Safeway space at South Shore	22,000
13. Park St. Marketplace	15,000
14. Misc. Small Grocery Space	28,500

Total Grocery/Drug: 360,254

New Grocery/Drug Demand Or (Over-Supply): 102,290

1/ See EXHIBIT 4; 30,477 units est. for 2004 plus 2,400 planned units.

2/ Per Survey of Current Business Data.

3/ Convenience Goods includes expenditures made at grocery stores, drug stores, liquor stores, medical supplies/prescriptions, auto accessories, plants and cleaning supplies.

***Community Improvement Commission/
Alameda Reuse and Redevelopment Authority***
Interoffice Memorandum

May 3, 2005

TO: Honorable Chairs and Members of the
Community Improvement Commission and Alameda Reuse and Redevelopment
Authority

FROM: William C. Norton
Acting Executive Director

SUBJ: Recommendation that the CIC and ARRA Approve a First Amendment to an
Acquisition Agreement by which CIC Acquired an Affordable Housing Covenant from
ARRA for Thirty Units of Very-Low Income Housing at the Bachelor Officers'
Quarters Located within the Alameda Point Improvement Project

Background

The Alameda Reuse and Redevelopment Authority (ARRA) leases the property at Alameda Point from the U.S. Department of the Navy. The leased premises include a building commonly referred to as the Bachelor Officers' Quarters (BOQ). In 1999, the ARRA was in negotiations with a prospective tenant for the BOQ. A successful project would have converted the 304 existing units into approximately 210 rehabilitated units. In addition, this project would have created an obligation to ensure that 30 units be made affordable to very-low income households. As part of project negotiations, the CIC and ARRA approved an Acquisition Agreement by which the CIC was authorized to acquire an affordable housing covenant for 30 units at the BOQ. The Acquisition Agreement authorized the ARRA to sell the covenant to the CIC for \$310,000. The City Council authorized the CIC to use Business and Waterfront Improvement Project housing set-aside funds for acquiring the covenant.

Discussion

A First Amendment to the Acquisition Agreement has been prepared (attached) in order to extend the term of the Acquisition Agreement through October 5, 2009, and reduce the interest rate from ten percent (10%) per annum to two and one half percent (2 ½%) per annum from the date the funds were deposited by the CIC for the purposes of acquiring the covenant. The extended term will allow staff and the master developer to explore strategies to renovate the BOQ to include affordable housing. The reduced interest rate will decrease future financial liability to the ARRA in the event an affordable housing project is not developed at the BOQ.

As required by the California Redevelopment Law (CRL), following consideration of the First Amendment by the CIC and ARRA governing boards, the City Council will consider approving a Resolution extending the term that the CIC may retain its real property interest in the BOQ through October 5, 2009. If the housing units are not developed during the additional five-year period, the CIC property interest will cease and the ARRA will be required to reimburse the \$310,000, plus interest, to the Business and Waterfront Improvement Project set-aside fund.

Fiscal Impact

The Amendment extends the obligation of the ARRA to repay the \$310,000 to the CIC for an additional five years in the event affordable housing is not built at the BOQ. The Amendment also reduces the interest rate from 10% per annum to 2.5%, thereby reducing any future financial liability of the ARRA.

Recommendation


It is recommended that: 1) the ARRA approve the attached First Amendment to Acquisition Agreement and authorize the Acting Executive Director to execute the First Amendment; and 2) the CIC approve the attached First Amendment to Acquisition Agreement and authorize the Acting Executive Director to execute the First Amendment.

Respectfully submitted,



Leslie Little
Development Services Director

By:



Debbie Potter
Base Reuse & Redevelopment Manager

Attachment: First Amendment to Acquisition Agreement

FIRST AMENDMENT TO ACQUISITION AGREEMENT

This First Amendment to Acquisition Agreement ("Amendment") is made and entered into on _____, 2005, by and between the COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA, a public body, corporate and politic (the "CIC"), and ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY, a joint powers authority ("ARRA"), with reference to the following facts:

RECITALS

A. CIC and ARRA entered into that certain Acquisition Agreement dated October 6, 1999 (the "Acquisition Agreement"), which provided for the CIC's purchase from ARRA of an affordable housing covenant on certain real property to be acquired by ARRA from the United States Department of the Navy (the "Property").

B. ARRA's purchase of the Property has been delayed and the CIC and ARRA desire to amend the Acquisition Agreement to extend the time frame for ARRA's execution of leases and rental of Restricted Units on the Property in accordance with the Covenant for five additional years.

C. CIC and ARRA also desire to retroactively amend the interest rate to be applied in the event ARRA is required to reimburse the CIC the purchase price of the Covenant to reflect current market conditions.

AGREEMENT

1. Replacement of Paragraph 4.A. Paragraph 4.A. is hereby deleted in its entirety and replaced as follows:

"If ARRA has not entered into leases and rented the Restricted Units to persons of very low income at an affordable rent in accordance with the Covenant within ten (10) years of the date of approval of this Acquisition Agreement, or if at any time ARRA violates the terms of the Covenant, or if at any time ARRA desires to terminate the Covenant, ARRA shall reimburse the CIC the purchase price paid by the CIC for the Covenant at a rate of TEN THOUSAND FOUR HUNDRED DOLLARS (\$10,400) per Restricted Unit not rented in accordance with paragraphs 1 and 2 above, plus interest at a rate equal to two and one half percent (2.5%) per annum measured from the date the funds were deposited by the CIC for the purchase of this Covenant until paid. Such amount shall be paid to the CIC within thirty (30) days of written demand by the CIC."

2. Deletion of Second Sentence in Paragraph 3. The second sentence in Paragraph, 3, Closing, is hereby deleted in its entirety.

3. Effective Date. This Amendment shall be effective upon execution by both parties and approval of a resolution of the City Council of the City of Alameda extending the time period for providing the Restricted Units on the Property pursuant to Health and Safety Code Section 33334.16.

4. Capitalized Terms. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Acquisition Agreement.

5. Acquisition Agreement in Effect. CIC and ARRA acknowledge and agree that the Acquisition Agreement, except as amended by this Amendment, remains unmodified and in full force and effect in accordance with its terms.

6. Severability. If any term, provision, condition or covenant of this Amendment or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Amendment, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have entered into this Amendment as of the date first written above.

CIC:

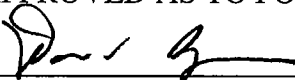
COMMUNITY IMPROVEMENT
COMMISSION OF THE CITY OF
ALAMEDA, a public body, corporate and
politic

By: _____
Executive Director

ATTEST:

Commission Secretary

APPROVED AS TO FORM:



City Attorney / Commission Counsel
HSL

ARRA:

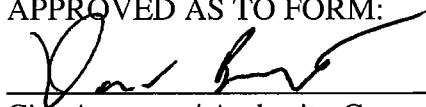
ALAMEDA REUSE AND
REDEVELOPMENT AUTHORITY, a joint
powers authority

By: _____
Executive Director

ATTEST:

Secretary

APPROVED AS TO FORM:



Ash City Attorney / Authority Counsel

CITY OF ALAMEDA
MEMORANDUM

To: Honorable Chair and
Members of the Community Improvement Commission

From: William C. Norton
Acting Executive Director

Date: May 4, 2005

Re: Resolution of Necessity To Acquire Property by Eminent Domain for
Redevelopment Purposes; Authorizing Commencement of Litigation to Acquire
Property and for Order of Possession; Code of Civil Procedure Section 1245.235
et seq. (APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue,
Alameda, California – Alameda Theater/Cineplex and Parking Structure)

BACKGROUND

The Community Improvement Commission (the "CIC") is being requested to authorize the acquisition by eminent domain of the real property generally known as the Alameda Theatre and the adjacent parking parcel located generally at 2315-2323 Central Avenue, (Assessor's Parcel Nos. 071-0203-014 and 071-0203-015), Alameda, California for redevelopment purposes. The real property is held by Cocores Development Company, a California Corporation. The condemnation of the real property will allow CIC to assemble an approximately 1.3-acre site, which includes adjacent real property already owned by the CIC, and to cause the development on the site of a new approximately 352-space parking structure together with a new multiplex theater project to be integrated with a rehabilitated and refurbished Historic Alameda Theatre.

The resolution authorizing the acquisition of the real property by eminent domain includes the following findings:

- (a) the public interest and necessity require the proposed project;
- (b) the proposed project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c) the interest in real property sought to be acquired by eminent domain is necessary for the proposed project;
- (d) the CIC has complied with all conditions and statutory requirements necessary to exercise the power of eminent domain to acquire the real

property, as well as any other matter regarding the right to take said real property by eminent domain, including but not limited to, making the offer required by Government Code §7267.2(a) and complying with existing business tenant preference requirements of the Community Redevelopment Law and its Owner Participation and Business Tenant Preference Rules and relocation assistance requirements;

- (e) the CIC has fully complied with the California Environmental Quality Act, Public Resources Code Section 21000 et seq.; and
- (f) the CIC has authority under the Community Redevelopment Law and the Business and Waterfront Community Improvement Plan to acquire the real property by eminent domain.

The resolution also authorizes the Commission Attorney and Special Counsel to commence an action in condemnation to acquire the real property and to obtain an order of possession for the real property in accordance with the Eminent Domain Law.

The resolution is effective only if it is adopted by an affirmative vote of two-thirds or more of the CIC members. This means that approval requires a minimum of four (4) affirmative votes.

The issues of compensation to Cocores Development Company and the exact timing of the CIC's possession are not issues for the CIC at this time. The CIC has negotiated with Cocores Development Company and has been unable to reach an agreement on compensation. In fact, Cocores has repeatedly refused to discuss the issue of compensation. If compensation is not resolved by negotiations, the fair market value of the real property would be determined through eminent domain proceedings in Superior Court.

DISCUSSION/ANALYSIS

The rehabilitation of the Historic Alameda Theatre, new construction of a multiplex cinema and new construction of a 352-space parking garage has been a City and CIC priority for many years. On May 3, 2005, after many years of planning and negotiation, the CIC approved a Disposition and Development Agreement (the "DDA") with Alameda Entertainment Associates, L.P. providing for the rehabilitation of the Historic Alameda Theatre and construction of a public parking structure and new multiplex cinema. Among other things, the DDA provides that if CIC's efforts to acquire the real property through negotiation are unsuccessful, the CIC is to hold a public hearing and consider adoption of a resolution of necessity, which adoption is to be determined by the Commission in its sole and absolute discretion.

On January 12, 2005, the CIC staff sent or hand delivered a Government Code Section 7267.2(a) offer to purchase the real property for just compensation, \$1,500,000. The offer was accompanied by an appraisal summary that fully complied with Government

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Code Section 7267.2(a). The parties discussed the offer and a follow-up letter was sent on February 22, 2005 to try to encourage the property owner to negotiate the acquisition of the real property on mutually agreeable terms.

Since the CIC has not been able to successfully negotiate the purchase of the real property, on April 28, 2005, CIC staff sent a Notice of Intention to Adopt a Resolution of Necessity to acquire the real property by eminent domain ("Notice of Intent") to Cocores Development Company, as the owner of the real property. Cocores Development Company was notified that it had fifteen (15) days from the date of mailing of the Notice of Intent to file a written request to appear and be heard at the May 17, 2005, CIC hearing on the following matters:

- (a) whether the public interest and necessity require the proposed project;
- (b) whether the proposed project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c) whether the interest in property sought to be acquired by eminent domain is necessary for the proposed project;
- (d) whether the CIC has complied with all conditions and statutory requirements necessary to exercise the power of eminent domain to acquire the real property, as well as any other matter regarding the right to take said property by eminent domain, including but not limited to, making the offer required by Government Code §7267.2(a);
- (e) whether the CIC has fully complied with the California Environmental Quality Act, Public Resources Code Section 21000 et seq.; and
- (f) whether the CIC has authority to acquire the real property by eminent domain.

Public Interest and Necessity Require the Proposed Project

The public interest and necessity require the proposed project in order to redevelop existing blighted, largely vacant functionally obsolete and underutilized properties located within the Business and Waterfront Improvement Project ("BWIP") area. This proposed project would be a catalyst project that will provide an entertainment draw to the Park Street business district, stimulate new private investment to the area and otherwise meet the objectives of the BWIP Community Improvement Plan. In addition, the public interest and necessity requires the proposed project to facilitate a substantial public improvement project with the construction of a 352-space public parking garage to benefit the entire Park Street Central Business District. A major goal of the Community Improvement Plan for the BWIP project area is the elimination of blighting influences, and this project is designed to eliminate blight and spur other development in the area. The project will also create new jobs and generate property tax increment that will be used to achieve goals and objectives of the BWIP plan.

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The Historic Alameda Theatre ceased operations as a theater in the early 1970's. Since that time, theater seats have been removed and the Theatre has been leased out for various uses including a roller rink, gymnastic school, and slot car track; none of which utilized the full interior space. Upkeep has been deferred and portions of the building began to deteriorate and cause a blight to the area. The BWIP project area was created in 1991. The Report to Council dated April 1991, for creation of the BWIP, documented that there was a low rate of investment in the theater property and overall a lower rate of increase in the value of property within the BWIP project area as compared to the City as a whole. "Citywide average annual growth in assessed property value between fiscal year 1986-87 and 1990-91 has been 7.5%. Average annual growth in assessed value of property in the (BWIP) Area for the same period is 5.3%. Absolute growth during the period amounted to 50% in the City while only 30% growth in assessed property value occurred in the Project Area. The implication here is that resales, new development and rehabilitation activity in the proposed Project Area has not kept pace with such activity Citywide, exemplifying the lack of investment in the Project Area." (Report to City Council: Proposed Redevelopment for the Business and Waterfront Improvement Project, April 1991, Section IV, Page 42.) The Alameda Merger Plan Amendments adopted by the CIC in connection with the 2003 APIP/BWIP/WECIP combined plan amendment includes the identification of the real property as having structural weakness and being underutilized land.

The experience of the Historic Alameda Theatre has been consistent with this lack of investment in the BWIP project area. The property was allowed to be closed and/or vacant or underutilized with tenants renting only portions of the building. The interior of the building shows a lack of maintenance with paint peeling, torn curtains, a broken neon marquee, holes in walls and no substantial capital investment or rehabilitation over the years.

In 1999, the BWIP Five-Year Implementation Plan was amended. The Amended Plan identified programs and potential projects for the area including a program of "Facilitation of high priority privately or publicly sponsored catalyst development projects in the form of financial/engineering/architectural/environmental analyses, site planning and project development, toxic remediation, land acquisition, etc." The acquisition of this real property will assist with the facilitation of both public and private investment to the area.

In addition, the Historic Theatre figures prominently in the architectural and cultural heritage of the city. The Theatre is representative of an increasingly rare type of movie house. It is listed as a "Historic Monument" by the City's Historical Advisory Board and is also listed on the National Register of Historic Places as a contributor to the Park Street Historic Commercial District. The CIC's acquisition of the real property, assembly of the real property with adjacent property owned by the CIC, the redevelopment of the site with a public parking garage and new multiplex cinema, and the restoration of the Historic Theatre and integration with the new cinema would return the structure to its original use as a theater, and will protect and preserve its historic elements and use.

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The proposed acquisition and redevelopment of the real property, including the Historic Theatre will help draw investment and economic activity to the immediate and surrounding areas, and will promote economic and cultural activity.

The Proposed Project is Planned or Located in the Manner That Will Be Most Compatible With the Greatest Public Good and Least Private Injury

The proposed project is planned in the manner that will be the most compatible with the greatest public good and the least private injury because the Project which includes development of the new public parking structure and Cineplex and integration of the new Cineplex with a refurbished Historic Theatre, cannot be achieved without acquisition of the entirety of the real property.

The proposed project includes the construction of a new public parking structure and seven-screen multiplex theater that will allow the rehabilitation of the Historic Alameda Theatre to be an economically viable project. The Historic Theatre was built in 1932 and operated as a theater until the early 1970s. During the late 70s and early 80s movie theaters reinvented their product to include stadium seating, new audio sound equipment and multi screens for viewing options. Older theaters, like the Historic Alameda Theatre, could not compete with the new changes made by the theater industry and the Historic Theatre remained closed and/or partially rented out to lesser users. The rehabilitation only of the Historic Theatre as a stand-alone project is not financially feasible. The proposed project with the new multiplex theater connecting to a restored and refurbished Historic Theatre makes the overall project financially viable and will give the combined theater project the ability to compete with other multiplex theaters in the market.

The Acquisition is Necessary for the Proposed Project

The acquisition of the real property is necessary for the proposed project because the real property is needed for new public parking structure as well as the new Cineplex and there are no feasible alternatives to the Project that would provide for rehabilitation of the Theatre without the private investment of the new seven-screen multiplex as part of the project. In addition, the property is required to facilitate the construction of a public parking structure to serve the entire Park Street Central Business District. The Historic Alameda Theatre is listed on the National Register of Historic Places and is a contributing structure listed in the National Register Park Street Historic Commercial District. The historic nature of the Historic Alameda Theatre constrains the building from being renovated into other uses while complying with the requirement that any rehabilitation must be consistent with the Secretary of the Interior's Standards for Rehabilitation. If the new multiplex theater was not being proposed as part of the project, the Historic Alameda Theatre would not be economically feasible to rehabilitate due to the costs associated with the rehabilitation, the amount of deterioration that has occurred to the property, and the competitive nature of the theater industry. The Theatre and the adjacent parcel are essential to the design and operation of the entire, larger

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project as well as the development of the public parking structure.

The CIC has Complied with All Conditions and Statutory Requirements Necessary to Exercise the Power of Eminent Domain to Acquire the Real Property

The CIC has complied with all requirements necessary to exercise the power of eminent domain to acquire the real property. As set forth above, the CIC made an offer to purchase the real property pursuant to Government Code section 7269.2. The offer was consistent with the requirements of section 7267.2 and included a written summary of the basis for the appraisal. Further, the owner of the real property, John Cocores of Cocores Development Company, was properly notified of this hearing pursuant to a Notice of Intent to Adopt Resolution of Necessity.

In addition, the CIC has complied with its Owner Participation Rules. In January 2001, the CIC issued a Request for Proposals (RFP) for the Historic Alameda Theatre and an associated new multiplex theater. Mr. Cocores was sent a copy of the RFP and invited to submit a proposal. Mr. Cocores responded that he wholeheartedly endorsed the City's effort but he did not respond with a proposal. The CIC continued to move forward with the proposed project and selected Kyle Conner to enter into an Exclusive Negotiating Agreement (ENA) to build a new multiplex cinema, which would incorporate a rehabilitated and refurbished Historic Theatre. The CIC negotiated with Mr. Conner and on May 3, 2005 approved a DDA for the development a new multiplex cinema that is proposed to connect to and integrate with, a refurbished and restored Historic Alameda Theatre.

Lastly, the CIC has complied with all the Uniform Relocation Act relocation assistance requirements. The CIC hired a qualified relocation consultant, Associated Right of Way Services Inc., to assist with providing relocation services to the Historic Alameda Theatre tenants. The relocation consultants sent out notices to the Historic Alameda Theatre tenants advising them of relocation eligibility. Separately, staff has evaluated the businesses of the tenants and determined that the continued operation could not be maintained during construction. The operations of the existing tenants, the design of the spaces, and their uses do not reasonably promote the objectives of the redevelopment project and are not consistent with the overall redevelopment plan for this site. In addition the extent of construction required to implement the project and the 14 – 16 month construction period would present undue cost of business closure and disruption. Therefore the CIC will provide relocation assistance and attempt to relocate all businesses within the redevelopment area to the extent feasible and desirable.

The CIC has Fully Complied with the California Environmental Quality Act (CEQA)

The CIC has complied with CEQA by certifying a Mitigated Negative Declaration and adopting a mitigation and monitoring program for the Project on May 3, 2005, in conjunction with approval of the DDA. The Project contemplates acquisition of the real property. Therefore, no additional environmental review is required. Further, no changes

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have occurred with respect to the Project that would trigger an obligation for subsequent environmental review under Public Resources Code section 15162.

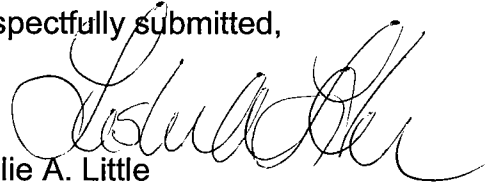
FISCAL IMPACT

The CIC has budgeted funds for the acquisition of the real property and relocation of the tenants from the 2003 Merged Area Bonds Issue.

RECOMMENDATION

The Executive Director recommends that the Board of the Community Improvement Commission open the hearing on the Resolution of Necessity, take testimony, close the hearing and consider adoption of the Resolution of Necessity to acquire the two parcels located at 2315-2323 Central Avenue, Alameda, California. The property to be considered for acquisition is more specifically described in Exhibit A to the proposed Resolution of Necessity.

Respectfully submitted,



Leslie A. Little
Development Services Director



By: Dorene E. Soto
Manager, Business Development Division

WCN/LAL/DES:rv

cc: Teresa Highsmith, Assistant City Attorney

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COMMUNITY IMPROVEMENT COMMISSION
OF THE CITY OF ALAMEDA

RESOLUTION NO. _____

RESOLUTION OF NECESSITY TO ACQUIRE PROPERTY BY EMINENT DOMAIN FOR REDEVELOPMENT PURPOSES; AUTHORIZING COMMENCEMENT OF LITIGATION TO ACQUIRE PROPERTY AND FOR ORDER OF POSSESSION; CODE OF CIVIL PROCEDURE SECTION 1245.235 *et seq.* (APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue, Alameda, California – Alameda Theater/Cineplex and Parking Structure)

The Community Improvement Commission of the City of Alameda (the "CIC" or "Community Improvement Commission"), by vote of two-thirds or more of its members, FINDS, DETERMINES, DECLARES, AND RESOLVES the following:

1. CIC intends to cause development of a public parking structure and new multiplex cinema project, preservation and rehabilitation of the historic Alameda Theater, and integration of the rehabilitated historic Alameda Theater with the new multiplex cinema (collectively, the "project"), and in conjunction therewith, acquire certain interests in property. The project is a public use and is being undertaken for redevelopment purposes in accordance with the Community Redevelopment Law and the Community Improvement Plan for the Business and Waterfront Improvement Project, in order to eliminate blight within the Business and Waterfront Improvement Project Area.
2. CIC is authorized by law to acquire the property generally known as APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue, Alameda, California – as shown on Exhibit A to this Resolution, by eminent domain, pursuant to the Community Redevelopment Law, and the Business and Waterfront Improvement Plan. The property constitutes a portion of the project site. The Community Improvement Commission, a redevelopment agency, is vested with the power of eminent domain to acquire the property under the Eminent Domain Law, including California Code of Civil Procedure section 1240.010, and Section 33391 of the California Health and Safety Code and Section D.1, § 309 of Part III of the Community Improvement Plan for the Business and Waterfront Community Improvement Plan. The property to be acquired includes all rights, title and interest in the property, including all tenancies, leaseholds, and related properties.
3. On April 28, 2005, the NOTICE OF HEARING REGARDING ADOPTION OF RESOLUTION OF NECESSITY TO ACQUIRE PROPERTY BY EMINENT DOMAIN FOR REDEVELOPMENT PURPOSES; AUTHORIZING COMMENCEMENT OF LITIGATION TO ACQUIRE PROPERTY AND FOR ORDER OF POSSESSION; CODE OF CIVIL PROCEDURE SECTION 1245.235 *et seq.* ((APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue, Alameda, California – Alameda Theater/Cineplex and Parking Structure)

Resolution #2-B (CIC)
Council/CIC/ARRA
5-17-05

Approved as to Form

GENERAL COUNSEL

was mailed to the property owner and all persons known by the CIC to have an actual interest in the property. The notice was sent to the property owner of record at the address of the owner and the notice gave actual notice to the owner of the hearing. The notice advised the owner of its rights to be heard on the matters referred to therein on the date and place stated therein. The Notice of Hearing is attached hereto as Exhibit C and is incorporated herein by reference.

4. The hearing referenced in the Notice of Hearing was held on May 17, 2005 at the time and place stated in the Notice of Hearing. All interested parties were given an opportunity to be heard. The hearing then was closed.
5. Based upon the evidence presented at the hearing, the Community Improvement Commission FINDS, DETERMINES, DECLARES AND RESOLVES each of the following:

- A. The public interest and necessity require the proposed project;

- B. The proposed project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;

- C. The interest in property sought to be acquired by eminent domain is necessary for the proposed project;

- D. The Community Improvement Commission has complied with all conditions and statutory requirements necessary to exercise the power of eminent domain to acquire the property, as well as any other matter regarding the right to take said property by eminent domain, including but not limited to, making the offer required by Govt. Code section 7267.2(a) and complying with existing business tenant preference requirements of the Community Redevelopment Law and its Owner Participation and Business Tenant Preference Rules and relocation assistance requirements;

- E. The Community Improvement Commission has fully complied with the California Environmental Quality Act, Public Resources Code § 21000 *et seq.*; and

- F. The Community Improvement Commission has authority under the Community Redevelopment Law and the Business and Waterfront Community Improvement Plan to acquire the property by eminent domain.

- G. The Community Improvement Commission, a redevelopment agency, is vested with the power of eminent domain to acquire the property under the Eminent Domain Law, including California Code of Civil Procedure section 1240.010, California Health and Safety Code section 33391, and section D.1, section 309, of Part III of the Community Improvement Plan for the Business and Waterfront Improvement Project, as amended.

- H. A map accurately portraying the property to be acquired is

shown as Exhibit B-1 to this Resolution. A map showing the location of the property in relation to the project for which it is to be acquired is shown as Exhibit B-2 to this Resolution.

6. Commission Attorney and Special Counsel are hereby authorized to acquire in the name of the CIC all rights, title and interest in the property described in this Resolution in accordance with the provisions of the California Eminent Domain Law and the Community Redevelopment Law, to commence an action in Eminent Domain, to deposit the probable amount of compensation, to apply to the Superior Court for an order permitting the CIC to take immediate possession and use of the property for redevelopment purposes, and to take all steps to acquire the property under the law.

* * * * *

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

PARCEL ONE:

A portion of Lot 7 and 8 in Block 49, Map of Lands Adjacent to the Town of Encinal, filed May 28, 1867 in Map Book 19, Page 53, Alameda County Records. And also a portion of the land shown on the Map of the Boehmer Property, filed February 28, 1907, in Map Book 22, Page 41, Alameda County Records, described as follows:

Beginning at a point on the northeastern line of Central Avenue, as widened to 80 feet, distant thereon northwesterly 100 feet from the point of intersection thereof with the northwestern line of Park Street, as widened to 80 feet; running thence along said line of Central Avenue northwesterly 176.46 feet to the northwestern line of said Lot 7; running thence northeasterly along the last named line 207.66 feet to the northeastern line of said Lot 7; thence southeasterly along the northeastern lines of said Lots 7 and 8 a distance of 100 feet to the northwestern line of the land shown on said map of the Boehmer Property; thence northeasterly along the last named line 2.13 feet to a point distant thereon northeasterly 209.79 feet from said line of Central Avenue; thence southeasterly parallel with said line of Central Avenue 44.23 feet; thence southwesterly parallel with the southeastern line of Oak Street 33.79 feet; thence southeasterly parallel with said line of Central Avenue 32.23 feet to the northwestern line of the alley, as shown on the map of Boehmer Property; thence southwesterly along the last named line 176 feet to the point of beginning.

PARCEL TWO:

A non-exclusive perpetual easement and right of way for ingress and egress of pedestrians only, appurtenant to Parcel One herein described excepting therefrom the northwestern 50 feet thereof, over the following described parcel of land;

Beginning at a point on the northeastern line of Central Avenue, 80 feet wide, distant thereon northwesterly 90 feet from the point of intersection thereof with the northwestern line of Park Street, 80 feet wide; running thence northeasterly parallel with the southeastern line of Oak Street 209.79 feet; thence northwesterly parallel with said line of Central Avenue 10 feet; thence southwesterly parallel with said line of Oak Street 209.79 feet to said line of Central Avenue; thence along the last named line southeasterly 10 feet to the point of beginning.

Being Assessor's Parcel Numbers: 071-0203-014 & 071-0203-015

ASSESSOR'S MAP 71

Code Area No. 21-004

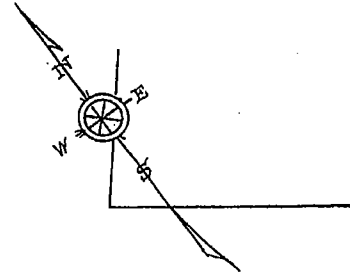
71/3

Map of Boehmer Property (Bk 22 Pg 41)

Map of Lands adjacent to the Town of Encinal

(Surveyed by Jas T. Stratton.) (Bk 19 Pg 53)

Scale 1"=50'

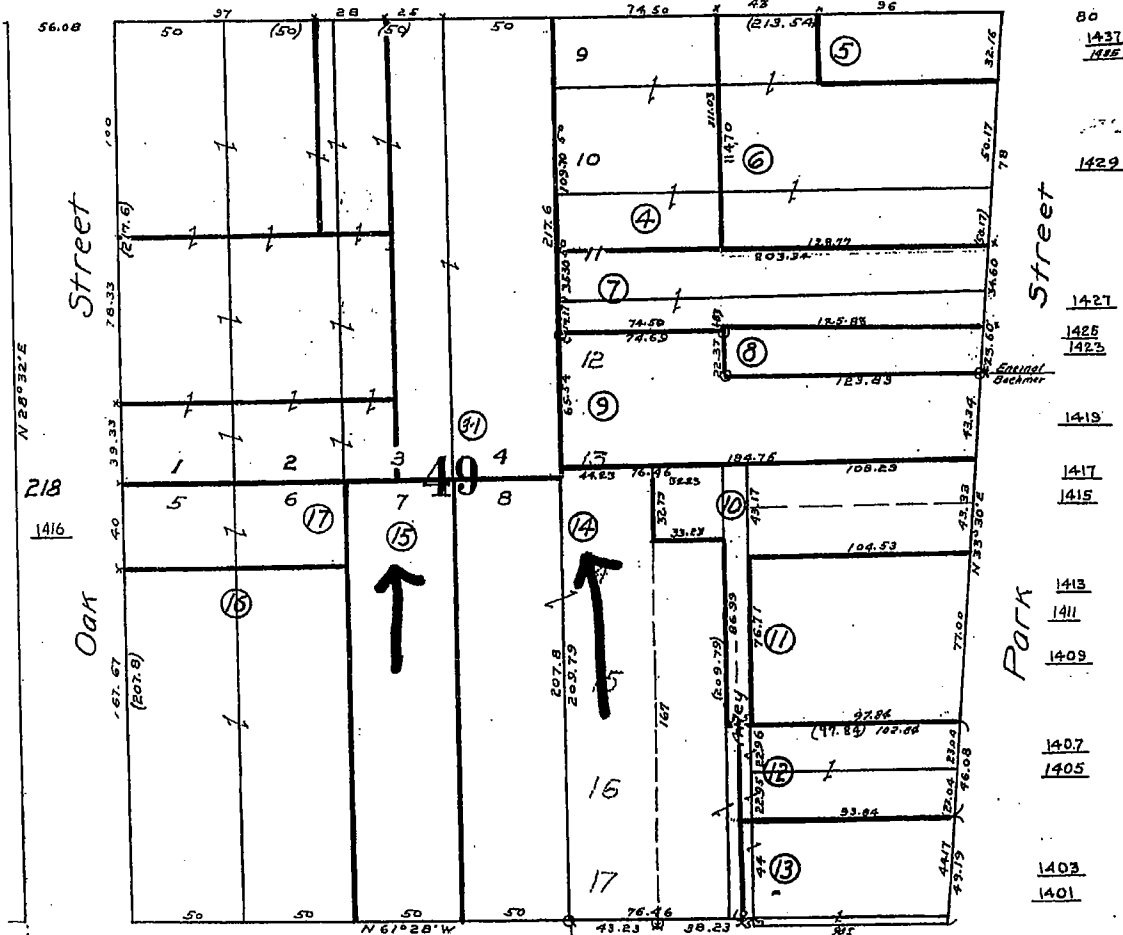


203

219

202

Santa Clara Avenue



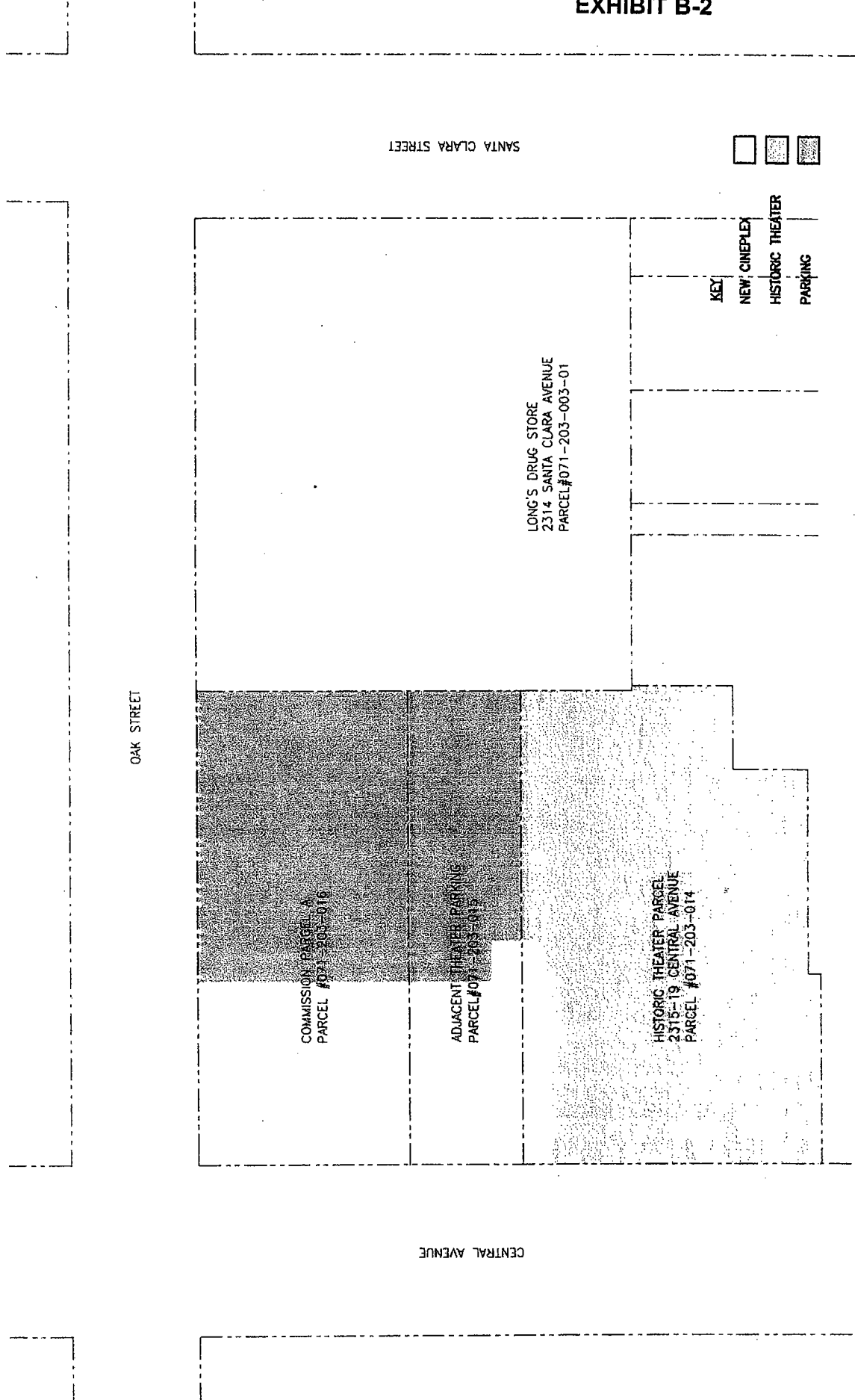
BOOK 70

Central Avenue

217

204

EXHIBIT B-2



1 SITE PLAN
1/16/11-12

Michael Stanton Architecture
PAA

444 De Haro Street, Suite 302 • San Francisco, CA

OAK STREET PUBLIC PARKING GARAGE

EXISTING PARCELS AND PROPERTY LINES

DATE	02/03/11
BY	AS, MCE
APP. BY	2/11/11
PROJECT NO.	
REVISION	
SHEET NO.	A9



April 28, 2005

Re: NOTICE OF HEARING REGARDING ADOPTION OF RESOLUTION OF NECESSITY TO ACQUIRE PROPERTY BY EMINENT DOMAIN FOR REDEVELOPMENT PURPOSES; AUTHORIZING COMMENCEMENT OF LITIGATION TO ACQUIRE PROPERTY AND FOR ORDER OF POSSESSION; CODE OF CIVIL PROCEDURE SECTION 1245.235 et seq. (APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue, Alameda, California – Alameda Theater/Cineplex and Parking Structure)

Dear Property Owners and Interested Persons:

This letter is to advise you that the Community Improvement Commission of the City of Alameda (the "CIC" or "Community Improvement Commission") intends to consider adoption of a resolution of necessity on May 17, 2005. If adopted, the resolution will authorize the CIC to acquire the property commonly known as the Alameda Theatre, including adjacent parking lot property, with a street address of 2315-2323 Central Avenue, Alameda, designated as APN's 071-0203-014 and 071-0203-015, more particularly described in the legal description attached hereto as Exhibit A. The property is proposed to be acquired for redevelopment purposes for the proposed Alameda Theater/Cineplex and Parking Structure project.

You have the right to appear and be heard on the resolution. The matter is scheduled for a hearing on May 17, 2005, at 7:30 p.m., or as soon thereafter as the matter may be heard, at the City Council Chambers, Alameda City Hall, 2263 Santa Clara Avenue, Alameda, California. At that time and place, the Community Improvement Commission will consider whether such a resolution of necessity should be adopted, as required by California Code of Civil Procedure section 1245.220 for the commencement of an action in eminent domain to acquire the property.

You have the right to present oral and written information to the Community Improvement Commission if you choose. The resolution to be considered by the Community Improvement Commission will include the following findings and determinations:

- A. The public interest and necessity require the proposed project;
- B. The proposed project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;

~~COMMUNITY IMPROVEMENT COMMISSION~~ Development Services Department

Alameda Point Main Office
950 West Mall Square,
Alameda, CA 94501-7552
510 749.5800 • Fax 510 749.5808 • TDD 510 522.7538

C. The property sought to be acquired by eminent domain is necessary for the proposed project;

D. The Community Improvement Commission has complied with all conditions and statutory requirements necessary to exercise the power of eminent domain to acquire the property, as well as any other matter regarding the right to take said property by eminent domain, including but not limited to, making the offer required by Government Code section 7267.2(a) and complying with existing business tenant preference requirements of the Community Redevelopment Law and its Owner Participation and Business Tenant Preference Rules and relocation assistance requirements;

E. The Community Improvement Commission has fully complied with the California Environmental Quality Act, Public Resources Code section 21000 et seq.; and

F. The Community Improvement Commission has authority under the Community Redevelopment Law and Business and Waterfront Community Improvement Plan to acquire the property by eminent domain.

The Community Improvement Commission, a redevelopment agency, is vested with the power of eminent domain to acquire the property under the Eminent Domain Law, including California Code of Civil Procedure section 1240.010, California Health & Safety Code section 33391, and section D.1, section 309, of Part III of the Community Improvement Plan for the Business and Waterfront Improvement Project, as amended.

If you desire to be heard or to present information to the CIC on this resolution, you are required by law to file a written request with the Clerk of the Community Improvement Commission no later than fifteen days from the date of this notice. You must file your request to be heard at the Office of the City Clerk, Alameda City Hall, 2263 Santa Clara Avenue, Alameda, CA 94501.

If you mail a request to be heard, please keep in mind that it must be actually received by the Clerk no later than fifteen days after the date this notice is mailed. See Code of Civil Procedure section 1245.235(b)(3).

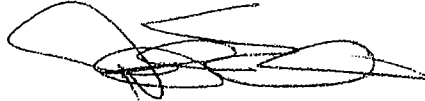
If you elect not to appear and be heard at this hearing, your decision not to appear and be heard will constitute a waiver of your right to challenge the right of the Community Improvement Commission to acquire the property by eminent domain. Thus, the matters described in the resolution of necessity will be deemed to be established.

The amount of compensation to be paid for the property will not be decided or heard at this hearing. Your nonappearance at this noticed hearing will not prevent you from claiming compensation in an amount to be determined by a court of law under the laws of the State of California. This Notice is not intended to foreclose future or ongoing

negotiations between you and the representatives of the Community Improvement Commission on the amount of compensation, if any, to be paid to you for your property. At this hearing, the CIC will not make any determination about the amount of money to be paid for your property or to be offered to you.

If you have any questions about this matter, please contact Dorene Soto, Manager, Business Development Division, City of Alameda Development Services, City Hall West, 950 West Mall Square, Second Floor, Alameda, CA 94501, (510) 749-5820.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Dorene E. Soto', with a stylized flourish extending to the right.

Dorene E. Soto
Manager, Business Development Division

DES:rv

Attachments: Mailing Distribution List
 Exhibit A – Property Legal Description

Re: NOTICE OF HEARING REGARDING ADOPTION OF RESOLUTION OF NECESSITY TO ACQUIRE PROPERTY BY EMINENT DOMAIN FOR REDEVELOPMENT PURPOSES; AUTHORIZING COMMENCEMENT OF LITIGATION TO ACQUIRE PROPERTY AND FOR ORDER OF POSSESSION; CODE OF CIVIL PROCEDURE SECTION 1245.235 et seq. (APN 071-0203-014 and APN 071-0203-015; 2315-2323 Central Avenue, Alameda, California – Alameda Theater/Cineplex and Parking Structure)

MAILING DISTRIBUTION LIST:

Cocores Development Company
c/o Park Central Investments
2424 Central Ave.
Alameda, CA 94501

Don Lindsey
Gallagher & Lindsey, Inc.
2424 Central Ave.
Alameda, CA 94501

Mr. John Cocores
1616 Fernwood Dr.
Oakland, CA 94611

Central Donuts
Attn: Theth Chan
2315 Central Ave.
Alameda, CA 94501

Barceluna Café & Lounge
Attn: Charles Carlise
2319 Central Ave.
Alameda, CA 9501

The Hair Shaper
Attn: Shirley A. Cabral, Nancy Tajima and Van Von Horcke
2321 Central Ave.
Alameda, CA 94501

We Are Nails & More
Attn: Ha Nguyen
2323 Central Ave.
Alameda, CA 94501

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	Cocores Development Company c/o Park Central Investments 2424 Central Ave. Alameda, CA 94501

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
00055152-07

PS Form 3817, January 2001

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	Barcelona Café & Lounge Attn: Charles Carlise 2319 Central Ave. Alameda, CA 94501

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
00055152-07

PS Form 3817, January 2001

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	Don Lindsey Gallagher & Lindsey, Inc. 2424 Central Ave. Alameda, CA 94501

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
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PS Form 3817, January 2001

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	The Hair Shaper Attn: Shirley A. Cabral, Nancy Tajima and Van Von Horcke 2321 Central Ave. Alameda, CA 94501

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
00055152-07

PS Form 3817, January 2001

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	Mr. John Cocores 1616 Fernwood Dr. Oakland, CA 94611

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
00055152-07

PS Form 3817, January 2001

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	We Are Nails & More Attn: Ha Nguyen 2323 Central Ave. Alameda, CA 94501

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
00055152-07

PS Form 3817, January 2001

U.S. POSTAL SERVICE CERTIFICATE OF MAILING	
MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE	
Received From:	City of Alameda Development Services Department Business Development 950 West Mall Square, Second Floor Alameda, CA 94501
One piece of ordinary mail addressed to:	Central Donuts Attn: Theth Chan 2315 Central Ave. Alameda, CA 94501

U.S. POSTAGE
ALAMEDA, CA
APR 28 2005
\$0.90
00055152-07

PS Form 3817, January 2001

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

PARCEL ONE:

A portion of Lot 7 and 8 in Block 49, Map of Lands Adjacent to the Town of Encinal, filed May 28, 1867 in Map Book 19, Page 53, Alameda County Records. And also a portion of the land shown on the Map of the Boehmer Property, filed February 28, 1907, in Map Book 22, Page 41, Alameda County Records, described as follows:

Beginning at a point on the northeastern line of Central Avenue, as widened to 80 feet, distant thereon northwesterly 100 feet from the point of intersection thereof with the northwestern line of Park Street, as widened to 80 feet; running thence along said line of Central Avenue northwesterly 176.46 feet to the northwestern line of said Lot 7; running thence northeasterly along the last named line 207.66 feet to the northeastern line of said Lot 7; thence southeasterly along the northeastern lines of said Lots 7 and 8 a distance of 100 feet to the northwestern line of the land shown on said map of the Boehmer Property; thence northeasterly along the last named line 2.13 feet to a point distant thereon northeasterly 209.79 feet from said line of Central Avenue; thence southeasterly parallel with said line of Central Avenue 44.23 feet; thence southwesterly parallel with the southeastern line of Oak Street 33.79 feet; thence southeasterly parallel with said line of Central Avenue 32.23 feet to the northwestern line of the alley, as shown on the map of Boehmer Property; thence southwesterly along the last named line 176 feet to the point of beginning.

PARCEL TWO:

A non-exclusive perpetual easement and right of way for ingress and egress of pedestrians only, appurtenant to Parcel One herein described excepting therefrom the northwestern 50 feet thereof, over the following described parcel of land;

Beginning at a point on the northeastern line of Central Avenue, 80 feet wide, distant thereon northwesterly 90 feet from the point of intersection thereof with the northwestern line of Park Street, 80 feet wide; running thence northeasterly parallel with the southeastern line of Oak Street 209.79 feet; thence northwesterly parallel with said line of Central Avenue 10 feet; thence southwesterly parallel with said line of Oak Street 209.79 feet to said line of Central Avenue; thence along the last named line southeasterly 10 feet to the point of beginning.

Being Assessor's Parcel Numbers: 071-0203-014 & 071-0203-015

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Community Improvement Commission of the City of Alameda in a Special Community Improvement Commission meeting assembled on the _____ day of _____, 2005 by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said Commission this _____ day of _____, 2005.

Lara Weisiger, Secretary
Community Improvement Commission

Beverly Johnson, Chair
Community Improvement Commission

UNAPPROVED MINUTES

SPECIAL MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY

TUESDAY - - - JUNE 1, 2004 - - - 7:25 P.M.

Chair Johnson convened the Special Meeting at 7:53 p.m. Board Member Kerr led the Pledge of Allegiance.

Roll Call - Present: Board Members Daysog, Gilmore, Kerr, Matarrese and Chair Johnson. -5.

Absent: None.

MINUTES

Minutes of the Annual Industrial Development Authority Meetings of May 20, 2003 and May 18, 2004.

Board Member Daysog moved approval of the minutes.

Board Member Kerr seconded the motion which carried by the following voice vote: Ayes: Board Members Daysog, Kerr and Chair Johnson - 3. Abstentions: Board Members Gilmore and Matarrese - 2.

ADJOURNMENT

There being no further business, Chair Johnson adjourned the Special Meeting at 7:54 p.m.

Respectfully submitted,

Lara Weisiger
Secretary

The agenda for this meeting was posted in accordance with the Brown Act.

UNAPPROVED MINUTES
MINUTES OF THE SPECIAL CITY COUNCIL MEETING
TUESDAY- -MAY 3, 2005- -5:30 P.M.

Mayor Johnson convened the Special Meeting at 5:45 p.m.

Roll Call - Present: Councilmembers Daysog, deHaan, Gilmore,
Matarrese, and Mayor Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(05-____) Public Employee Performance Evaluation; Title: City Attorney.

(05-____) Worker's Compensation Claim; Claimant: James MacKey;
Agency Claimed Against: City of Alameda.

(05-____) Conference with Labor Negotiators; Agency Negotiators:
Human Resources Director and Craig Jory; Employee Organizations:
International Brotherhood of Electrical Workers (IBEW) and
Management and Confidential Employees Association (MCEA).

Following the Closed Session, the Special Meeting was reconvened and Mayor Johnson announced that regarding Public Employee Performance Evaluation, the Council discussed the City Attorney's performance; regarding Worker's Compensation Claim, the Council gave instructions to Legal Counsel; and regarding Conference with Labor Negotiators, the Council gave instructions to Labor Negotiators.

Adjournment

There being no further business, Mayor Johnson adjourned the Special Meeting at 7:45 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

UNAPPROVED MINUTES
MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY - - MAY 3, 2005 - -7:30 P.M.

Mayor Johnson convened the regular meeting at 9:29 p.m.

ROLL CALL - Present: Councilmembers Daysog, deHaan, Gilmore,
Matarrese and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

(05-) Mayor Johnson moved the Resolutions Appointing Members of the Golf Commission after the Proclamation.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(05-) Proclamation declaring May as "Older Americans Month."

Mayor Johnson read and presented the proclamation to Don Oransky, President, Mastick Advisory Board.

Mr. Oransky thanked the Council for the proclamation.

(05-) Update on the new main library project.

The Project Manager gave a brief project update.

Vice Mayor Gilmore commended the Project Manager and staff for putting out many fires that keep the project moving smoothly.

CONSENT CALENDAR

Councilmember Matarrese moved approval of the Consent Calendar.

Vice Mayor Gilmore seconded the motion, which carried by unanimous voice vote - 5.

[Items so adopted or enacted are indicated by an asterisk preceding the paragraph number.]

(*05-) Minutes of the Regular City Council Meeting held on April 19, 2005; and the Special City Council Meeting held on April 21, 2005. Approved.

(*05-) Ratified bills in the amount of \$ 2,201,788.60.

(*05-) Recommendation to authorize Call for Bids for Legal Advertising for the Fiscal Year ending June 30, 2006. Accepted.

(*05-) Recommendation to accept the Quarterly Investment Report for period ending March 31, 2005. Accepted.

(*05-) Recommendation to accept the Quarterly Financial Report for the period ending March 31, 2005 and approve third quarter budget adjustments. Accepted.

(*05-) Recommendation to set Hearing to establish Proposition 4 Limit for Fiscal Year 2005-06 for May 17, 2005. Accepted.

(*05-) Recommendation to accept the work of SpenCon Construction, Inc., for Repair of Portland Cement, Concrete Sidewalk, Curb, Gutter, Driveway and Minor Street Patching Phase 5, Fiscal Year 2004-05, No. P.W. 08-04-08. Accepted.

(*05-) Recommendation to approve an Agreement with Alameda County to continue participation in the Alameda HOME Consortium and authorize the Acting City Manager to negotiate and execute necessary documents. Accepted.

REGULAR AGENDA ITEMS

(05-) Resolution No. 13836, "Appointing Ray A. Gaul as a Member of the Golf Commission." Adopted.

(05- A) Resolution No. 13837, "Appointing Bill T. Schmitz as a Member of the Golf Commission." Adopted.

(05- B) Resolution No. 13838, "Appointing Jane Sullwold as a Member of the Golf Commission." Adopted.

Vice Mayor Gilmore moved adoption of the resolutions.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

The City Clerk administered the Oath and presented certificates of appointment to the Golf Commission members.

(05-) Ordinance No. 2940, "Reclassifying and Rezoning Certain Property within the City of Alameda by Amending Zoning Ordinance No. 1277, N.S., from R-5 (General Residential) Zoning District to C-C (Community Commercial) Zoning District, for that Property Located at 2507 Central Avenue at Everett Street." Finally passed.

Councilmember Daysog moved final passage of the ordinance.

Councilmember deHaan seconded the motion, which passed by unanimous voice vote -5.

(05-) Recommendation to accept the West Alameda Neighborhood Improvement Concept Plan.

The Community Programs and Housing Division Manager gave a Power Point presentation on the Plan.

Mayor Johnson stated the Plan would make important changes to the area; requested staff to review ways to accelerate the Plan; stated that a member of the Housing Task Force Committee recommended that the Committee review the Plan, provide input, and delay the vote.

Councilmember deHaan stated that the quality of life at the West End is important because of the high population density; the Boys' and Girls' Club brings positive steps to the area; funding sources are important; he is always concerned with transportation issues; the Transportation Commission needs to be engaged; requested to see more detail on the sources of estimates for varied activities; stated that he has no problem with delaying the acceptance of the Plan; inquired whether the Plan could be delayed.

The Community Programs and Housing Division Manager responded there has been an extensive public comment process; the draft plan was presented at a community meeting in February; Board and Commission input has been requested; there is no problem in delaying the acceptance; acceptance of the conceptual Plan is requested; different components would be brought back to Council at various times.

Councilmember deHaan inquired whether the short-term, simple projects could be accomplished quickly.

The Community Programs and Housing Division Manager responded in the affirmative; stated there is funding available for planting additional trees on an infill basis, and installation of trash receptacles at the Webster Street and Poggi Street corridor.

Mayor Johnson inquired whether the trash receptacles would be selected by Public works.

The Community Programs and Housing Division Manager responded that BMS Design would select the trash receptacles; BMS Design is familiar with materials and installations throughout the City; connection is critical to Webster Street, the Bayport property, and

Alameda Point.

Councilmember Daysog stated that he does not see the Plan as West Alameda, but as the Woodstock/Buena Vista corridor; more could be done south of Pacific Avenue and Lincoln Avenue.

Councilmember deHaan concurred with Councilmember Daysog; stated the West End is reaching passed Webster Street.

The Community Programs and Housing Division Manager stated that another name could be used.

Jon Spangler, Alameda, stated that the Plan is great; suggested purchasing the property between Main Street and Webster Street on Appezato Parkway; stated that he hopes that there will be Class 2 bike lanes on the Marshall/Lincoln/Pacific Avenue section; urged acceptance of the Plan.

Vice Mayor Gilmore stated that she is not in favor of the Housing Task Force Committee reviewing the Plan; there has been extensive public input; the Plan is only conceptual; there will be further opportunity for public input; the Council's charge to the Housing Task Force Committee was to specifically review ways to prevent mass evictions and tackle affordable housing within 60 days; the Task Force needs to remain focused in order to meet the deadline.

Councilmember Matarrese stated that he was in favor of delaying acceptance of the Plan until the Housing Task Force Committee report is received; the Committee's and recommendations would be important to shaping the concept within the Plan; the street trees and trash cans should be equitably distributed throughout the City; the high density apartment buildings and the Harbor Island Apartments are critical to the improvement of the census tract.

Councilmember Daysog stated that he would support having the Task Force review the Plan if there are community meetings with adjacent neighborhoods to ensure that the Plan includes all of the West End.

Councilmember deHaan inquired whether Councilmember Daysog's suggestion to expand the overall scope of the Plan, to which Councilmember Daysog responded in the affirmative.

Mayor Johnson inquired why the census tract was selected and why the Plan was not broader.

The Community Programs and Housing Division Manager responded the census tract has the highest concentration of minorities and low income; the priority was to work with residents to bring more

services into the neighborhood using Community Development Block Grant (CDBG) funds; residents voiced concern about not being able to walk freely through the neighborhood because of the Harbor Island Apartment and Chipman Middle School; the area to the south is not a low to moderate income neighborhood.

Councilmember Daysog stated the Plan could be used as a tool to identify City resources that could be used to improve neighborhoods; the sidewalks are in horrible condition; the paving on Santa Clara Avenue is odd.

Mayor Johnson stated the name of the Plan can be changed to be more specific; there are sidewalk, street, tree, and lighting issues everywhere in the City; there is nothing more odd than the paving on Gibbons Drive; increased sidewalk maintenance funding and more aggressive repair schedules need to be reviewed; CDBG funds could not be used if the Plan was expanded and could result in a thirty-year Plan instead of a ten-year Plan; that she does not have a problem with delaying acceptance until the Housing Task Force Committee report is received; suggested direction be provided to rename the Plan.

Councilmember deHaan stated expanding the scope cannot be done with the existing funding; the West End could be reviewed further at a later date; that he is uncertain what the impact would be in deferring acceptance until after the Housing Task Force Committee review.

Mayor Johnson inquired whether there are projects that are ready to move forward; stated the Plan could be accepted with direction to bring the matter back to Council after receiving the Housing Task Force Committee report.

The Community Programs and Housing Division Manager responded that tree, trash can, and bus shelter locations could begin to be determined; staff could synchronize with the Housing Task Force Committee and report back to Council; the Plan provides a vision of the future and encourages residents to participate and not allow development which might become an impediment to the implementation of the Plan.

Mayor Johnson requested staff to review ways to accelerate the Plan.

The Acting City Manager stated that Council could accept the Plan with the caveat that the Plan be brought back to Council; the Plan is dynamic; there needs to be equality in the Public Works infrastructure and repairs; Public Works would provide an

infrastructure report at the next City Council Meeting; Council will receive a model showing the performance of the budget over a period of ten years in late July or early August; reports will outline what needs to be done to correct problems; funding recommendations can be discussed.

Councilmember Daysog stated that he would not be on the Council if not for the support of residents south of Pacific Avenue and Lincoln Avenue; many people needed to sell their homes with the Base closure; the neighborhood faces a lot of development; Council would be missing an opportunity if there is no coordination with activities occurring north of Pacific Avenue and Lincoln Avenue.

Councilmember Matarrese moved approval of accepting the Plan, modifying the title to reflect the Plan's intent to target the most needy census tract in the City and requiring that the Plan return to Council coinciding with the Task Force report to revise concepts in the Plan if needed.

Councilmember deHaan stated that there is \$500,000 in resources that can go towards activities right away; going forward and accepting the Plan is prudent; the elements within the first and third year are very straightforward.

Councilmember deHaan seconded the motion.

Under discussion, Mayor Johnson stated that she is very concerned with the infrastructure everywhere in Alameda; the sidewalks and streets are not in the same condition as a few years ago; Council needs to address the issues and set priorities on the infrastructure deficit.

Councilmember Daysog stated that the name redesignation is important; he is fine with remaining north of Pacific Avenue and Lincoln Avenue if the Plan is not opened up to Harbor Island Task Force.

On the call for the question, the motion carried by unanimous voice vote - 5.

ORAL COMMUNICATIONS, NON-AGENDA

(05-) Wilbur Richards, Alameda, complimented the Council on the quality of City services.

(05-) Michael John Torrey, Alameda, stated the President is proposing to put oil refineries closed bases, which should not occur in Alameda.

(05-____) Rob Siltanen, Alameda, submitted a letter requesting that the Alameda Point vision include sensible traffic solutions, middle class housing, and a small town Alameda feel.

(05-____) Jon Spangler, Cross Alameda Trail Steering Committee, stated that Saturday, June 4, is National Trails Day; there will be a trail walk between Main Street and Webster Street.

COUNCIL COMMUNICATIONS

(05-____) Vice Mayor Gilmore stated that she and Councilmember deHaan attended the Association of Bay Area Government conference regarding casinos last week; there appears to be a one size fits all negotiation strategy; there is no recognition of the obvious differences between urban and rural casinos; the Governor's negotiator promised that the Governor would take a hard look at Indian tribes looking to have land restored; the negotiator was not aware of anything pertaining to the Koi proposal on Swan Way; stated tribal lobbying efforts have not made it all the way up the ladder.

(05-____) Councilmember Matarrese stated that there is a special June election for a Measure A parcel tax; the tax would allow the School District to extend the current parcel tax; requested that Council give direction to place the matter on the next City Council meeting agenda; stated there is a gap in School District funding; a County Financial Advisor would be required if the School District slips into financial disarray; the City does not need a County person advising how money is spent.

(05-____) Councilmember deHaan stated that he is concerned that the reservation shopping battle has just begun; some cities want to move forward with casinos because of economic woes.

(05-____) Councilmember deHaan requested staff to review costs and funding sources to centralize City administration, particularly the Public Works and Development Services Departments.

Mayor Johnson stated that she would support the idea.

Councilmember Matarrese stated that he assumed that the matter would be addressed with the budget and the ten-year outlook.

(05-____) Mayor Johnson requested that the Recreation Commission matter [expansion of Commission size] be placed on the next City Council Meeting agenda.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular Meeting at 10:38 p.m.

Respectfully Submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

UNAPPROVED MINUTES
MINUTES OF THE SPECIAL CITY COUNCIL MEETING
WEDNESDAY- -MAY 4, 2005- -5:00 P.M.

Mayor Johnson convened the Special Meeting at 5:00 p.m.

Roll Call - Present: Councilmembers Daysog, deHaan, Gilmore,
Matarrese, and Mayor Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(05-____) Public Employment; Title: City Manager.

Following the Closed Session, the Special Meeting was reconvened and Mayor Johnson announced that Council gave direction to the recruiter.

Adjournment

There being no further business, Mayor Johnson adjourned the Special Meeting at 9:45 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

May 12, 2005

Honorable Mayor and Councilmembers:

This is to certify that the claims listed on the check register and shown below have been approved by the proper officials and, in my opinion, represent fair and just charges against the City in accordance with their respective amounts as indicated thereon.

Check Numbers	<u>Amount</u>
136057 - 136519	2,552,174.84
EFT 116	553,883.09
E13473 - E13585	68,473.13

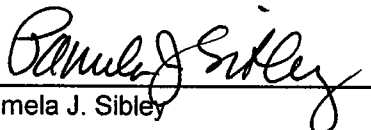
Void Checks:

135653	(1,489.00)
136119	(9,134.13)
132352	(2,250.00)

GRAND TOTAL

3,161,657.93

Respectfully submitted,



Pamela J. Sibley

Council Warrants 05/17/2005

BILLS #4-B
05/17/05

CITY OF ALAMEDA
Memorandum

Date: May 4, 2005

To: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Quarterly Sales Tax Report For the Period Ending March 31, 2005, For Sales Transactions in the Fourth Calendar Quarter of 2004

BACKGROUND

This sales tax report and the accompanying charts relate to sales tax receipts for the period ending March 31, 2005, and are for sales transactions occurring October – December 2004 (Fourth calendar quarter).

DISCUSSION/ANALYSIS

Quarterly sales tax revenues decreased by 1.7% as compared to the same quarter of the prior year after adjusting for one-time payments.

Key declines came from office equipment, miscellaneous retail, leasing and miscellaneous vehicle sales. The three economic areas vital to the City's sales tax revenue are: transportation (27.47% of total), general retail (23.86%) and food products (23.49%). These three categories produced 74.82% of the City's sales tax collections during the fourth calendar quarter.

A comparison of the major business groups is as follows:

Percent Change	Economic Category	4th Quarter 2004		4th Quarter 2003	
		Total	Percent of Total	Total	Percent of Total
---	Transportation	353,086	27.47	353,095	27.15
-5.5%	Food Products	302,001	23.49	319,478	24.57
-12.0%	General Retail	306,695	23.86	348,531	26.80
21.9%	Business to Business	259,874	20.21	213,108	16.39
-2.4%	Construction	52,880	4.11	54,163	4.16
-8.2%	Miscellaneous	11,092	.86	12,083	.93
-1.7%	Total - Quarter	1,285,628	100.00	1,300,458	100.00

A comparison of the geographic generation of sales tax for the fourth quarter 2004 as compared to the same period in 2003 follows.

Percent Change	Geographic Areas	Current Year		Prior Year	
		4th Qtr 2004 Total	Percent of Total	4th Qtr 2003 Total	Percent of Total
-1.5	Park - North of Lincoln	277,727	21.6	281,840	21.7
-10.8	South Shore Center	263,824	20.5	295,926	22.8
9.9	Park - South of Lincoln	155,123	12.2	141,098	10.9
64.1	Marina Village Business Park	131,419	10.2	80,073	6.2
6.1	Webster-North of Lincoln	76,507	5.9	72,121	5.5
-5.2	Neighborhood Commercial Districts	60,989	4.8	64,310	4.9
-35.6	Northern Waterfront	35,695	2.8	55,439	4.3
-3.0	Harbor Bay Landing	57,193	4.5	58,991	4.5
-6.8	Marina Village Shopping Center	36,455	2.8	39,099	3.0
-8.3	Alameda Point	37,784	2.9	41,186	3.2
-0.6	Harbor Bay Business Park	56,922	4.4	57,257	4.4
4.6	Balance of City	41,879	3.3	40,024	3.1
-22.8	Mariner Square	12,041	.9	15,603	1.2
-7.1	Webster – South of Lincoln	30,039	2.3	32,320	2.5
-81.0	Fernside Center	2,395	.2	12,607	.9
-23.4	Ballena	9,568	.7	12,484	.9
-17.5	Heritage Bay	66	--	80	--
-1.1	Total - Quarter	1,285,626	100.0	1,300,458	100.0

The top five sales tax generators contributed 22.18% of the total sales tax revenue for this quarter. If we add the next block of five sales tax generators, these 10 businesses generated 31.73% of the total quarterly sales tax revenues. The top 100 sales tax generators contributed 74.22% of the total sales tax revenues.

The sales tax digest attached (see page 3) lists the top sales tax producers for the quarter.

Following is a three-year comparison of total sales tax by business class. The percentage change reflects the change from 2003 to 2004.

Percent Change	Economic Category	2004 (as of 4 th Quarter)	Percent of Total	2003 (as of 4 th Quarter)	Percent of Total	2002 (as of 4 th Quarter)	Percent of Total
0.1	Transportation	1,548,232	29.64	1,545,961	29.46	1,534,402	30.09
-1.8	Food Products	1,183,868	22.66	1,205,630	22.97	1,122,481	22.01
-12.6	General Retail	1,151,207	22.04	1,317,798	25.11	1,218,895	23.90
20.8	Business to Business	1,076,369	20.61	891,190	16.98	989,596	19.41
11.0	Construction	221,073	4.23	199,114	3.79	191,667	3.76
-51.8	Miscellaneous	42,702	.82	88,598	1.69	42,207	.83
	TOTAL - QUARTER	5,223,451	100.00	5,248,291	100.00	5,099,248	100.00

BUDGET/FISCAL IMPACT

Our sales tax projections for 2005-06 have taken into consideration these trends. We continue to monitor this revenue source closely.

RECOMMENDATION

This data is provided for informational purposes only and requires no action from the City Council.

Respectfully submitted,

William C. Norton
Acting City Manager


By: JuelleAnn Boyer
Chief Financial Officer

JB/dl
Attachment

cc: Rob Ratto, PSBA



City of Alameda
Sales Tax Digest Summary
FIRST Quarter Collection of FOURTH Quarter Sales
11/13/2004 – 02/11/2005



Quarter 4, 2004

State Overview

The overall sales & use tax for California increased 11.6% for the 4th Quarter of 2004 compared to the same quarter of 2003. The double-digit growth was tempered by the impact of the “Triple Flip”. The 4th Quarter of 2004 is the first fully impacted quarter under the “Triple Flip”, which allows the State to temporary “borrow” one-quarter of the local government Bradley-Burns sales tax to pay back bonds.

Northern California experienced a taxable sales increase of 10.5% for the 4th Quarter 2004 compared to the same quarter of 2003. Northern California welcomed three-year highs in the general retail, food products, transportation, and construction economic categories. Southern California experienced a stronger taxable sales increase of 12.4% in the same comparison posting three-year highs in the general retail, food products, transportation, business-to-business, and construction economic categories.

Regional Overview

	North Coast	S.F. Bay Area	Central Coast	South Coast	Inland Empire	Sacramento Valley	Central Valley
	% Δ Yr	% Δ Yr	% Δ Yr	% Δ Yr	% Δ Yr	% Δ Yr	% Δ Yr
General Retail	5.0	4.2	1.5	6.1	6.9	6.0	6.2
Food Products	3.7	3.7	2.5	5.1	5.8	2.4	5.6
Construction	15.8	12.3	9.1	17.0	24.0	11.4	21.0
Transportation	8.1	5.2	9.8	7.6	11.3	5.2	7.1
Business to Business	4.0	1.1	0.1	3.2	6.5	2.6	12.0
Miscellaneous	2.1	1.9	8.4	-0.9	-6.2	-1.5	-0.9
Total	7.2	4.4	4.1	6.7	9.5	5.5	8.8
Segment with Highest % Growth	Food Process. Eqp.	Energy Sales	Electronic Equipment	Bldg. Matls. Retail	Energy Sales	Business Services	Energy Sales
Segment with 2 nd Highest % Growth	Energy Sales	Used Auto Sales	Florist / Nursery	Service Stations	Chemical Products	Energy Sales	Bldg. Matls. Retail
Segment with 3 rd Highest % Growth	Florist / Nursery	Bldg. Matls. Retail	Bldg. Matls. Wholesale	Bldg. Matls. Wholesale	Bldg. Matls. Retail	Bldg. Matls. Wholesale	Misc. Vehicle Sale
Segment with Greatest % Decline	Liquor Stores	Business Services	Energy Sales	Business Services	Electronic Equipment	Food Process Eqp.	Electronic Equipment
Segment with 2 nd Greatest % Decline	Business Services	Leasing	Business Services	Drug Stores	Business Services	Leasing	Business Services
Segment with 3 rd Greatest % Decline	Office Equipment	Chemical Products	Chemical Products	Auto Parts & Repair	Health & Government	Auto Parts & Repair	Health & Government
Segment with the Most Taxable Sales	Department Stores	New Auto Sales	Restaurants	New Auto Sales	New Auto Sales	New Auto Sales	Department Stores
Segment with 2 nd Most Taxable Sales	New Auto Sales	Restaurants	Department Stores	Restaurants	Restaurants	Department Stores	New Auto Sales
Segment with 3 rd Most Taxable Sales	Bldg. Matls. Retail	Department Stores	New Auto Sales	Department Stores	Department Stores	Bldg. Matls. Wholesale	Restaurants

(% Δ Yr – Percentage Change by Benchmark Year Comparing 2004Q4 to 2003Q4)

City of Alameda

Reconciliation Summary

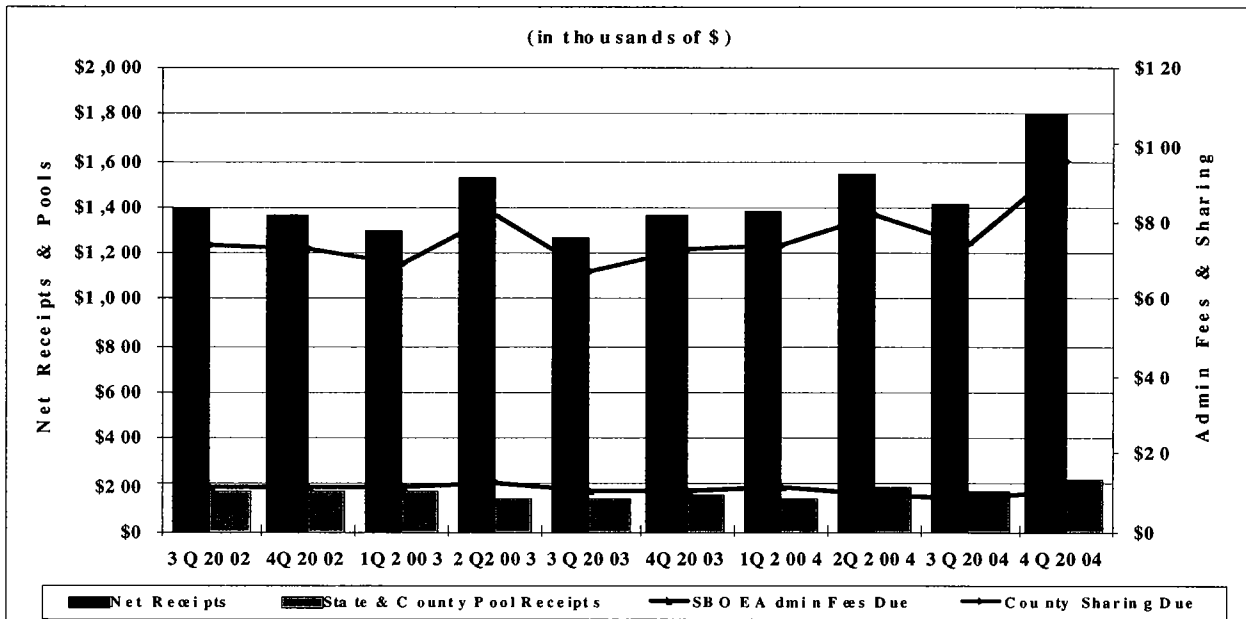
SBE Collections Analysis

Local Collections	\$1,692,013
Share of County Pool (3.01 %)	225,546
Share of State Pool (.14%)	714
SBE Net Collections	1,918,273
Less: Amount Due County 5.00%	(95,914)
Less: Cost of Administration	(10,900)
Net 4Q2004 Receipts	1,811,459
Net 4Q2003 Receipts	1,368,052
Actual Percentage Change	32.4%

FOURTH Quarter Economic Performance Analysis

Local Collections	\$1,692,013
Less: Payments for Prior Periods	(480,564)
Preliminary 4Q2004 Collections	1,211,449
Projected 4Q2004 Late Payments	74,180
Projected 4Q2004 Final Results	1,285,629
Actual 4Q2003 Results	1,300,458
Projected Percentage Change	-1.1%

Historical Cash Collections Analysis by Quarter



City of Alameda

City of Alameda Overview

Top 25 Sales/Use Tax Contributors

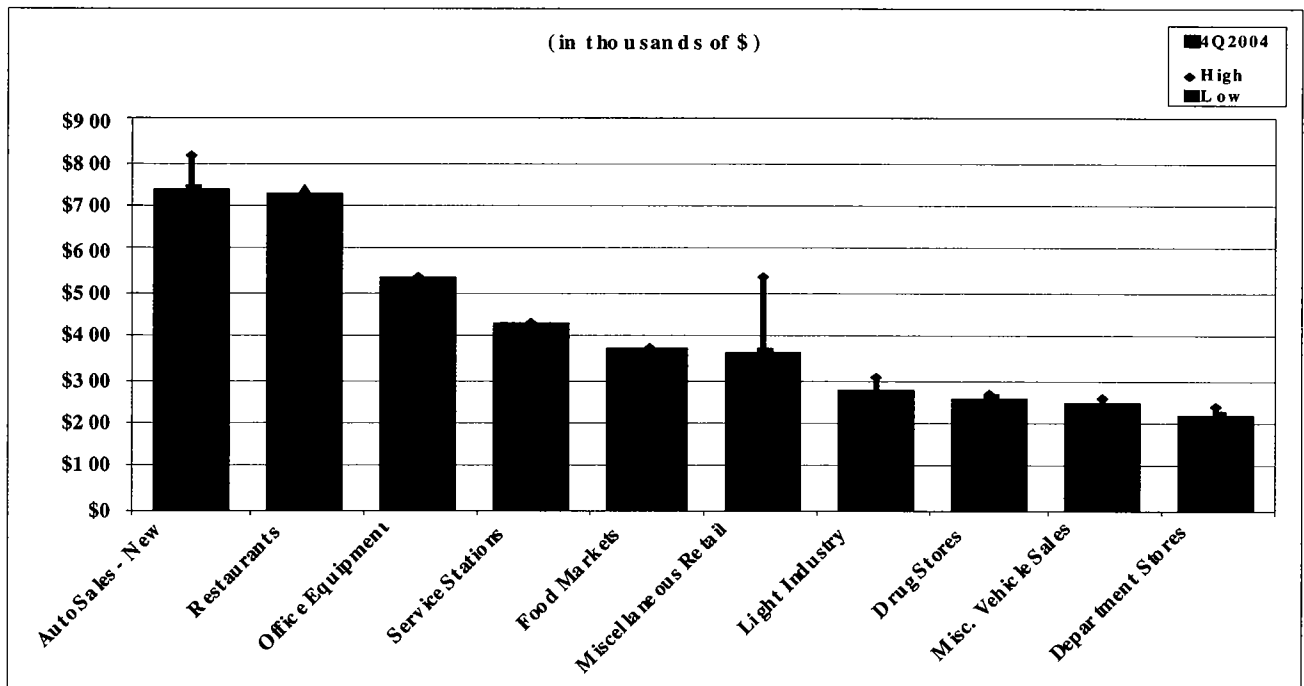
The following list identifies the top 25 Sales/Use Tax contributors in City of Alameda. The list is in alphabetical order and represents the most current four quarters. The top 25 Sales/Use Tax contributors generate 47.8% of the jurisdiction's total sales/use tax revenue.

ALAMEDA ELECTRICAL
ALBERTSON'S FOOD CENTERS
ARCO AM/PM MINI MARTS
CAVANAUGH CHRYSLER/PLYMOUTH
CHEVRON SERVICE STATIONS
DATA 911
EMBARCADERO SYSTEMS
FUTURE COMPUTING SOLUTIONS
GOOD CHEVROLET
LONGS DRUG STORES
MERVYN'S DEPARTMENT STORE
OFFICEMAX
ONE WORKPLACE

PAGANO'S ACE HARDWARE
PINNACLE PRINTING SYSTEMS
PITNEY BOWES INC.
RON GOODE TOYOTA
ROSS STORES
ROUNDSTONE SYSTEMS CORPORATION
SAFEWAY STORES
SVENDSEN'S BOAT WORKS
TRADER JOE'S
WALGREEN'S DRUG STORES
WIND RIVER SYSTEMS
XTRA OIL COMPANY

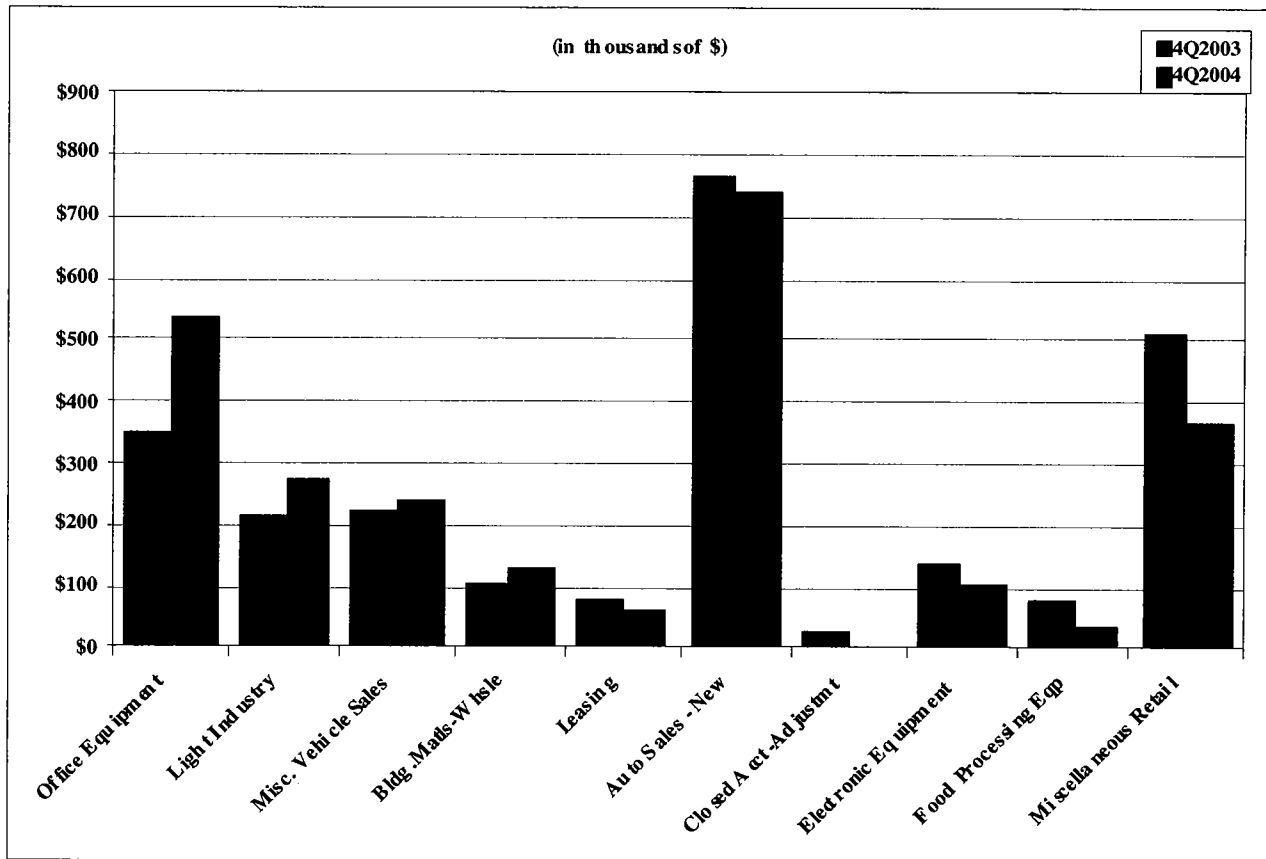
Historical Sales Tax Amounts

Year End FOURTH Quarter 2002 to Year End FOURTH Quarter 2004



City of Alameda

Economic Segment Analysis by Benchmark Year – Top 10 Segments

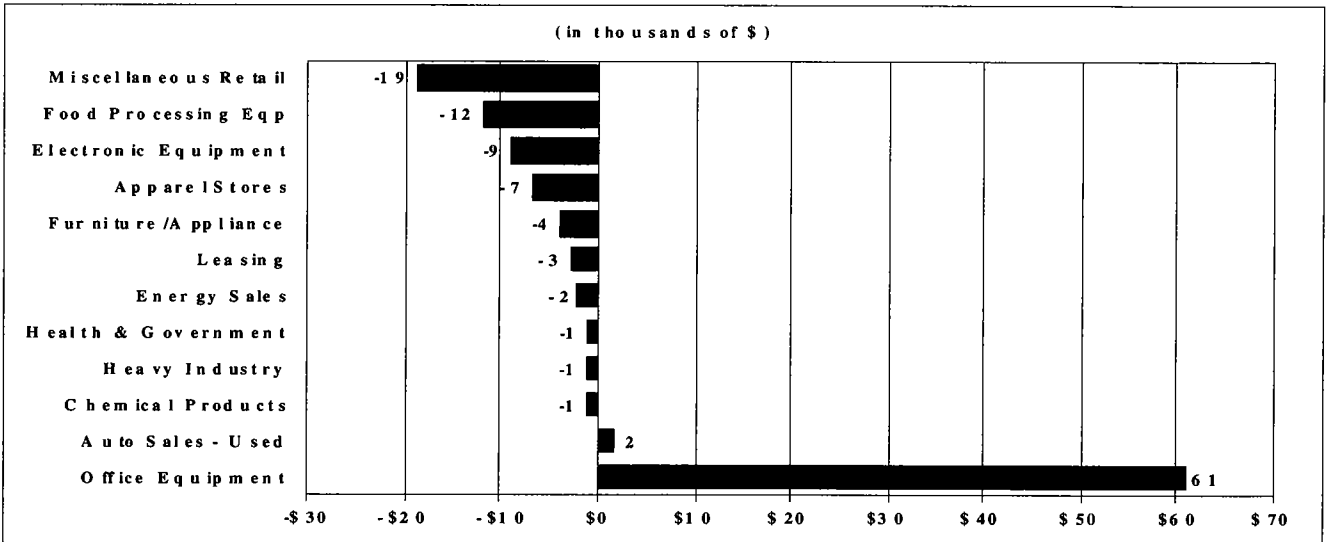


Largest Sales Tax Dollar Change by Economic Segment

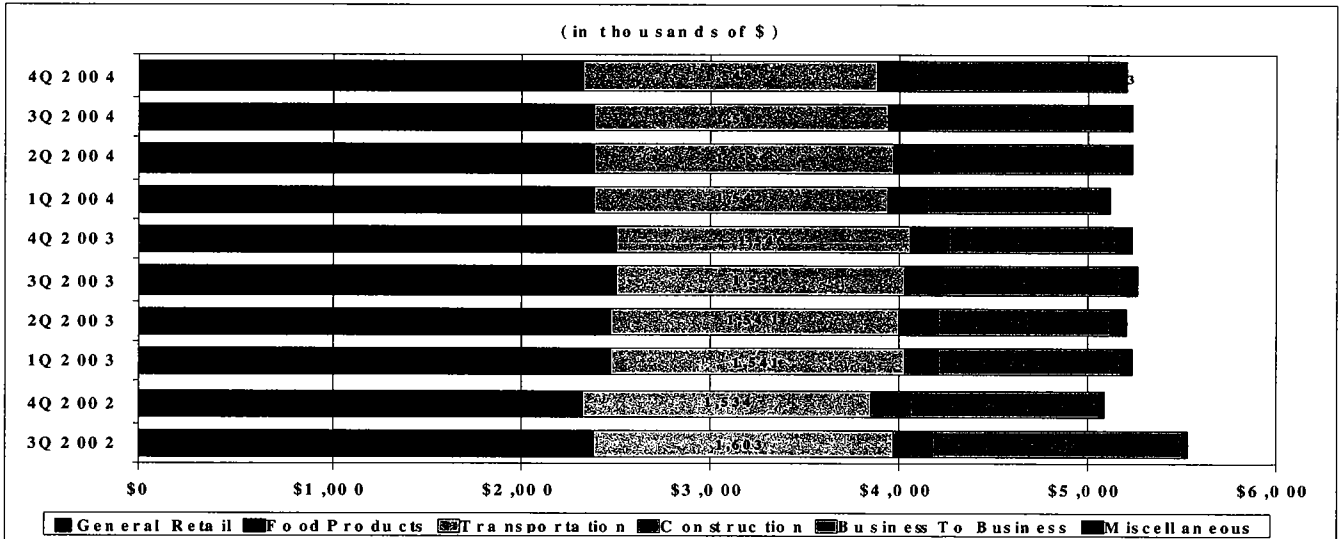
	% Change	\$ (000) Change
Miscellaneous	-51.8	
Closed Acct-Adjustmt		-27
Health & Government		-13
Business To Business	20.8	
Energy Sales		4
Office Equipment		187
General Retail	-12.6	
Miscellaneous Retail		-149
Apparel Stores		-11
Construction	11.0	
Bldg.Mats-Whsle		20
Bldg.Mats-Retail		2

City of Alameda

Quarterly Key Gains and Declines for FOURTH Quarter 2004

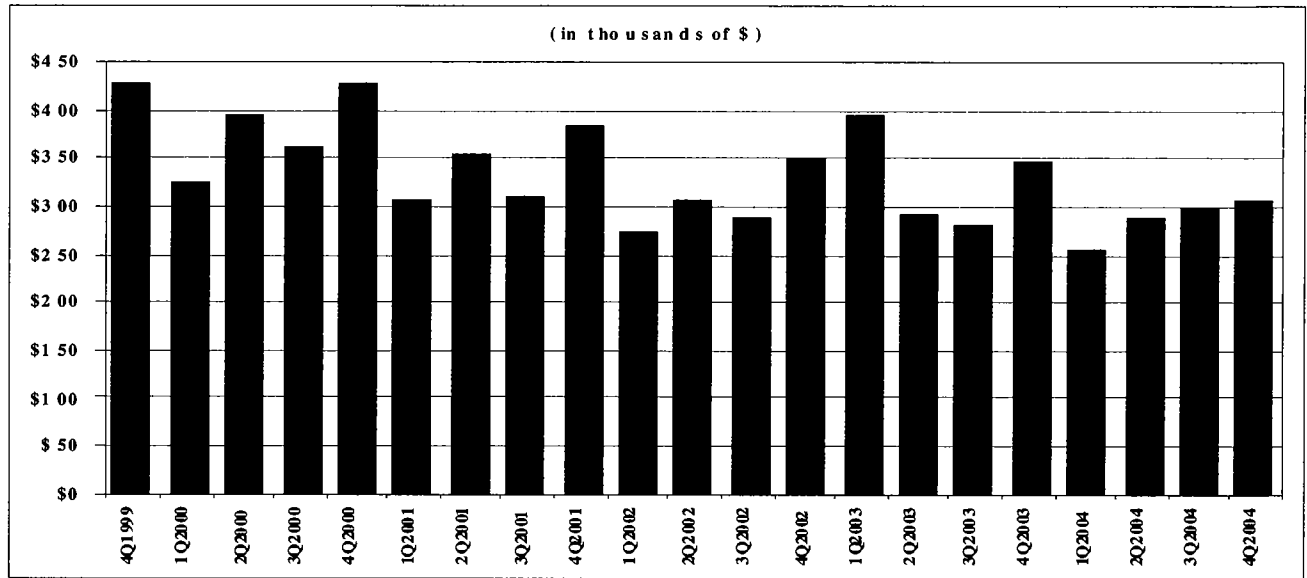


Annual Sales Tax by Business Category

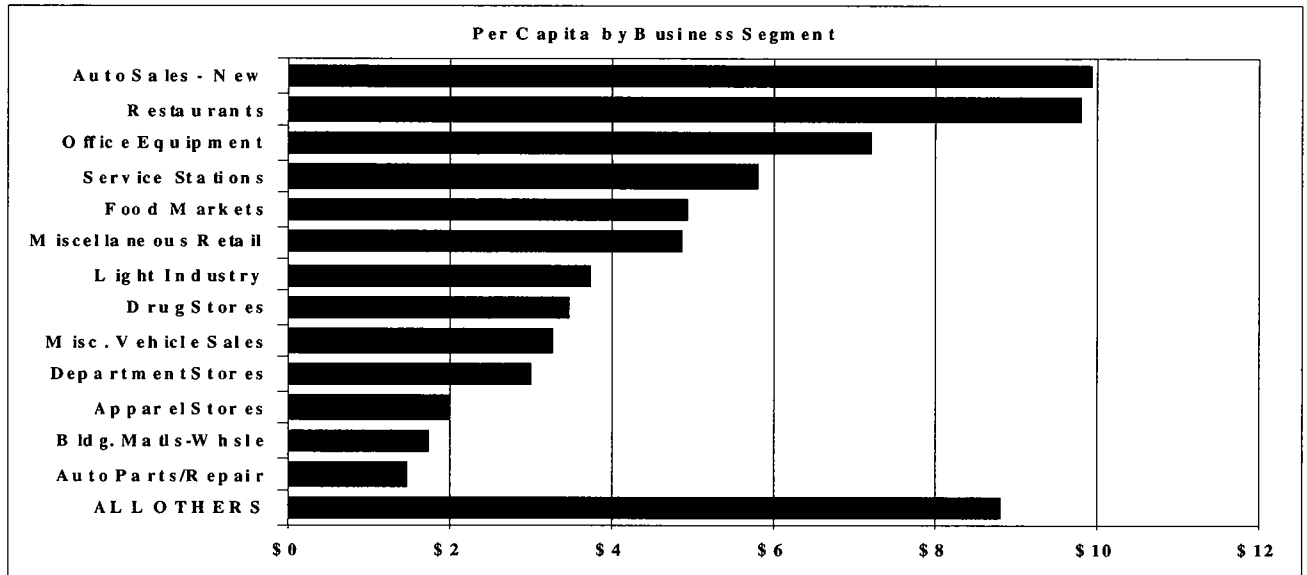


City of Alameda

Five-Year Economic Trend: General Retail



Per Capita by Business Segment: Benchmark Year Ending FOURTH Quarter



City of Alameda

THIRD Quarter 2004 Final Results

- **\$1,406,095 Local net cash collections**
- **\$86,334 Less pool amounts**
- **\$121,069 Less prior quarter payments**
- **\$136,744 Add late payments**
- **\$1,335,436 Local net economic collections after adjustments**
- **UP BY .4% compared to THIRD Quarter 2003**

MMC's Audit Results

MMC performs an on-going audit for the City of Alameda. This quarter, the City received \$46,840 in sales tax from MMC audit efforts, bringing the total sales tax revenue produced by MMC to \$1,683,867. The net return to the City on MMC fees is currently 712.5%.

CITY OF ALAMEDA
MEMORANDUM

Date: May 10, 2005

To: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Recommendation to Adopt Specifications and Authorize Calling for
Bids for One Animal Control Vehicle

BACKGROUND

The City's purchasing policy requires that specifications for materials estimated to cost over \$25,000 must first be approved by City Council. The purchasing policy also requires that the purchase be sent out for formal competitive bid.

In consultation with the Public Works Department's Senior Fleet Mechanic, the Alameda Police Department has determined a need exists for one replacement Animal Control vehicle (specifications attached).

The current Animal Control vehicle is a 1997 Ford Pickup with 79,905 miles. The truck's animal transport compartment has body rust throughout, portions of which have rusted completely through the metal. The vehicle is no longer presentable or functional for the needs of the Animal Shelter.

DISCUSSION/ANALYSIS

The Alameda Journal is the official newspaper of the City for legal advertising for the fiscal year ending June 30, 2005. With Council authorization, the City Clerk will publish a notice in the Alameda Journal stating Council will receive bids up to the hour of 2:00 P.M. on Friday, June 3, 2005, for the purchase of one (1) Ford 2005 F-250 SC XL Regular Cab 4x2 pickup truck.

FINANCIAL IMPACT

Funds are available in the General Fund's Equipment Replacement Account to purchase this vehicle. Furthermore, the City has received a mandated cost reimbursement from the State of California for Animal Shelter Adoption Fees, which offsets the financial impact to the Equipment Replacement Fund.

RECOMMENDATION

The City Manager recommends the City Council adopt specifications and authorize bids for one (1) Animal Control vehicle.

Respectfully submitted,

William C. Norton
Acting City Manager

By: 
Burnham E. Matthews
Chief of Police

WCN/BEM/mn

Attachment: Specifications

Notice to Proposers
SPECIFICATIONS FOR POLICE VEHICLE PURCHASE

The City of Alameda is seeking proposers for the purchase of one (1) Animal Control Vehicle.

All vehicles must meet the following specifications:

2005 Ford	F-250 Truck
Vehicle Type	SD XL Regular Cab 8 Foot Styleside
Drive System	4x2
Brake Type	Power 4-Wheel Disc Anti-Lock Braking System
Engine	5.4L 3-Valve SOHC V8/California Emissions
Seating Capacity	3 Passengers/Full Bench Seat with Recline
Interior	AM/FM Stereo/Single CD/Clock
Interior extras	Air Conditioning
Exterior Color	White

CITY OF ALAMEDA

MEMORANDUM

Date: May 4, 2005

To: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Recommendation to Adopt Plans and Specifications and Authorize Call for Bids for Cyclic
Sewer Repair Project, Phase 4, No. P.W. 05-03-11

BACKGROUND

The City of Alameda's Capital Improvement Program (CIP) includes an annual Cyclic Sewer Repair Project. Locations are based on reports of clogged lines from residents and maintenance call-outs.

DISCUSSION/ANALYSIS

Staff has prepared the plans and specifications for the sewer repair project. The work will rehabilitate by open-cut and pipe bursting methods approximately 11,300 linear feet of sanitary sewer pipeline and 380 lower service laterals. The work further includes removal and replacement of 36 manholes, installation of 250 sanitary sewer cleanouts and all associated work at the following locations:

- Sewer line within 10' sewer easement between Bayo Vista Avenue and Fernside Boulevard (Monte Vista Avenue to the end of sewer line past Fairview Avenue);
- Laurel Street (Clinton Avenue to Powell Street);
- Regent Street (Otis Drive to Central Avenue);
- Walnut Street (Clement Avenue to Clinton Avenue); and
- Willow Street (Central Avenue to Clinton Avenue).

A copy of the plans and specifications are available for review in the City Clerk's office.

ENVIRONMENTAL COMPLIANCE

In accordance with the California Environmental Quality Act (CEQA), this project is Categorically Exempt under CEQA Guidelines, Section 15302 (c) - Replacement of Existing Facilities. The Planning and Building Department has signed and filed a Notice of Exemption for this project.

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BUDGET CONSIDERATION/FINANCIAL IMPACT

The original CIP project budget approved by the City Council was based on the assumption that pipe bursting would be the method of pipe rehabilitation. However, during the design phase, the video inspection of the existing pipe conditions revealed that at certain locations (approx 25%) the more expensive open cut method will be necessary to achieve sufficient pipe slope for proper sewer flows.

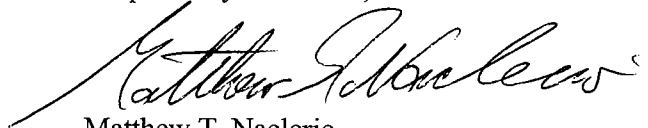
When the City Council awards this project, additional monies may be required to fund the described construction cost increases. The Sanitary Sewer Enterprise Fund will have sufficient funds available to accommodate any increase in construction costs.

The required Governmental Accounting Standards Board (GASB)-34 forms have been filed for this project.

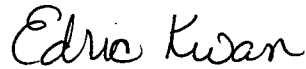
RECOMMENDATION

The Acting City Manager recommends that the City Council, by motion, adopt the plans and specifications and authorize call for bids for Cyclic Sewer Repair Project, Phase 4, No. P.W. 05-03-11.

Respectfully submitted,



Matthew T. Naclerio
Public Works Director



By: Edric Kwan, P.E. *bygc*
Associate Civil Engineer

MTN:EK:gc

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CITY OF ALAMEDA

MEMORANDUM

Date: May 2, 2005

To: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Recommendation to Authorize Installation of an All-Way Stop Control at the Intersection of
Santa Clara Avenue and Sherman Street

BACKGROUND

The Public Works Department received a request to install an all-way stop control at the intersection of Santa Clara Avenue and Sherman Street. This intersection is currently controlled by stop signs on the northbound and southbound approaches on Sherman Street.

DISCUSSION/ANALYSIS

The Public Works Department conducted traffic and pedestrian counts, performed radar surveys and reviewed the accident history for the intersection. Based on State of California guidelines, the intersection meets the engineering warrants to justify installation of an all-way stop control.

On April 13, 2005, the Transportation Technical Team (TTT) approved staff's recommendation 2-1 to have the TTT recommend to City Council to consider installing an all-way stop controls at the intersection of Santa Clara Avenue and Sherman Street; however, due to concerns raised by residents which include the potential traffic increase and traffic volumes on Sherman Street not being consistent with its minor street designation the issue was moved to the May 11, 2005 TTT meeting.

On May 11, 2005, the TTT reconsidered the item and recommended City Council consider installing an all-way stop control at the intersection of Santa Clara Avenue and Sherman Street. The TTT staff report is attached for informational purposes.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The cost for the installation of stop signs, stop bars, and stop stencils for this location is estimated to be \$2,300 for materials and labor.

These activities are considered maintenance and are programmed in the Public Works Department's budget.

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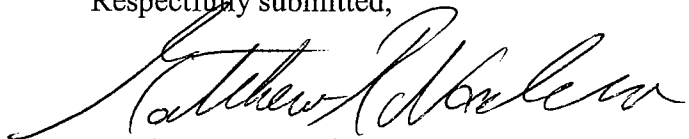
MUNICIPAL CODE CROSS REFERENCE

Alameda Municipal Code Section 8-2.2 specifies that the City Council is authorized, by motion, to designate and establish the installation of stop signs.

RECOMMENDATION

The Acting City Manager recommends that the City Council, by motion, authorize installation of an all-way stop control at the intersection of Santa Clara Avenue and Sherman Street.

Respectfully submitted,



Matthew T. Naclerio
Public Works Director



By: Barbara Hawkins *by gc*
Supervising Civil Engineer

MTN:BH:gc

Attachment: TTT report dated May 11, 2005

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TRANSPORTATION TECHNICAL TEAM

May 11, 2005 - Staff Report

Old Business - **Item No. 1**

Request for All-Way Stop Signs at the Intersection of Santa Clara Avenue
and Sherman Street.

Background:

Conor O'Farrell requested all-way stop signs at the intersection of Santa Clara Avenue and Sherman Street to reduce the number of accidents at the intersection. The matter was discussed at the April 13, 2005 TTT meeting, but was continued based on concerns raised by residents which include the potential traffic increase and traffic volumes on Sherman Street not being consistent with its minor street designation.

Discussion/Analysis:

Santa Clara Avenue and Sherman Street is a four-way intersection. Santa Clara Avenue is a two-lane street approximately 51 feet wide with parking permitted on both sides of the street. Bike lane markings are present in both directions on Santa Clara Avenue. Sherman Street has two-lanes approximately 36 feet wide with parking permitted on both sides of the street. Parking restrictions for street sweeping exist for both sides of Santa Clara Avenue east of Sherman Street and for both sides of Sherman Street south of Santa Clara Avenue. "STOP" signs exist at the Sherman Street approaches to the Santa Clara Avenue intersection (see Exhibit "1B"). Marked crosswalks are not present at the intersection. The existing double yellow centerlines at the stop bars on Sherman Street are faded. Red curb visibility zones are on all sides of Santa Clara Avenue. The nearest signal or stop sign along Santa Clara Avenue is at Eighth Street to the west and Grand Street to the east.

Santa Clara Avenue has an Average Daily Traffic (ADT) of 6,993 vehicles per day while Sherman Street has an ADT of 4,808 vehicles per day.

Pedestrian counts were performed during the morning and afternoon periods. A total of 15 pedestrians and bicyclists were observed crossing north-south (on Santa Clara Avenue) between 7:30 a.m. and 8:30 a.m. on March 11, 2005. A total of 20 pedestrians and bicyclists were observed crossing north-south (on Santa Clara Avenue) between 2:30 p.m. and 3:30 p.m. on March 10, 2005.

Radar surveys performed on Santa Clara Avenue indicate that the critical (85th percentile) speed is 31 mph for the eastbound direction and 32 mph for the westbound direction.

Review of the accident history revealed that 11 correctable accidents were reported at this intersection during the past five years. Of these accidents, 7 were reported during a 12-month period between 2000 and 2001.

The Transportation Advisory Committee (TAC) reviewed the intersection for all-way stop signs at the August 29, 2001 and October 3, 2001 meetings. At that time, the intersection did not meet State of California guidelines for installation of all-way stop signs and the TAC denied the request.

Under State of California guidelines, installation of all-way stop signs may be considered if certain criteria are met. The major criteria include accident history, traffic volumes, pedestrian volumes and critical speed (see Exhibit "1D"). Staff's review of this intersection indicates that it now meets the State warrants for the installation of all-way stop sign for two of the criteria: number of correctable accidents and traffic volumes.

If the TTT recommends the installation of all-way stop signs, the decision must be brought forward to the City Council for final approval.

Warranted all-way stop signs help establish vehicular right-of-way, which can effectively reduce the number of broadside accidents. As demonstrated by the average daily traffic volumes on Santa Clara Avenue and Sherman Street, there is a need to provide equal access for vehicles entering the intersection because a sufficient number of drivers use Sherman Street. It should be noted however that approximately 50% of the traffic coming from Atlantic Avenue onto Sherman Street is distributed to other east/west streets of the City and never reaches the Santa Clara Avenue and Sherman Street intersection. Southbound traffic on Sherman Street at Buena Vista Avenue is approximately 5,500 vehicles per day, at Lincoln Avenue it is approximately 3,100 vehicles per day, and at Sherman Street it is approximately 2,500 vehicles per day. This is one of the main advantages of having a grid system of streets and as long as the grid system is maintained, staff does not expect a significant increase in traffic at the Santa Clara Avenue and Sherman Street intersection when the stop signs are installed.

The traffic volumes on Sherman Street at Santa Clara Avenue are moderate for a minor street considering that Santa Clara Avenue is also considered a minor street by the General Plan and has more traffic than Sherman Street.

When Clement Avenue is extended to Atlantic Avenue, it is possible that some of the traffic from Sherman Street will continue along Clement Avenue. Until then, an interim measure to install all-way stop signs at Santa Clara Avenue and Sherman Street is necessary to establish the right-of-way of the intersection. This establishment will eliminate the need for red curb visibility zones and will restore on-street parking on Santa Clara Avenue.

Recommendation:

Staff proposes the TTT recommend to City Council to approve the installation of all-way stop signs at the intersection of Santa Clara Avenue and Sherman Street. If City Council approves the installation of all-way stops signs, staff recommends the red curb visibility zones be reduced to provide for additional on-street parking and marked crosswalks be installed for the intersection. Staff recommends the faded double yellow centerline markings be refreshed.

Exhibits:

“1A”: Vicinity Map

“1B”: Existing Conditions

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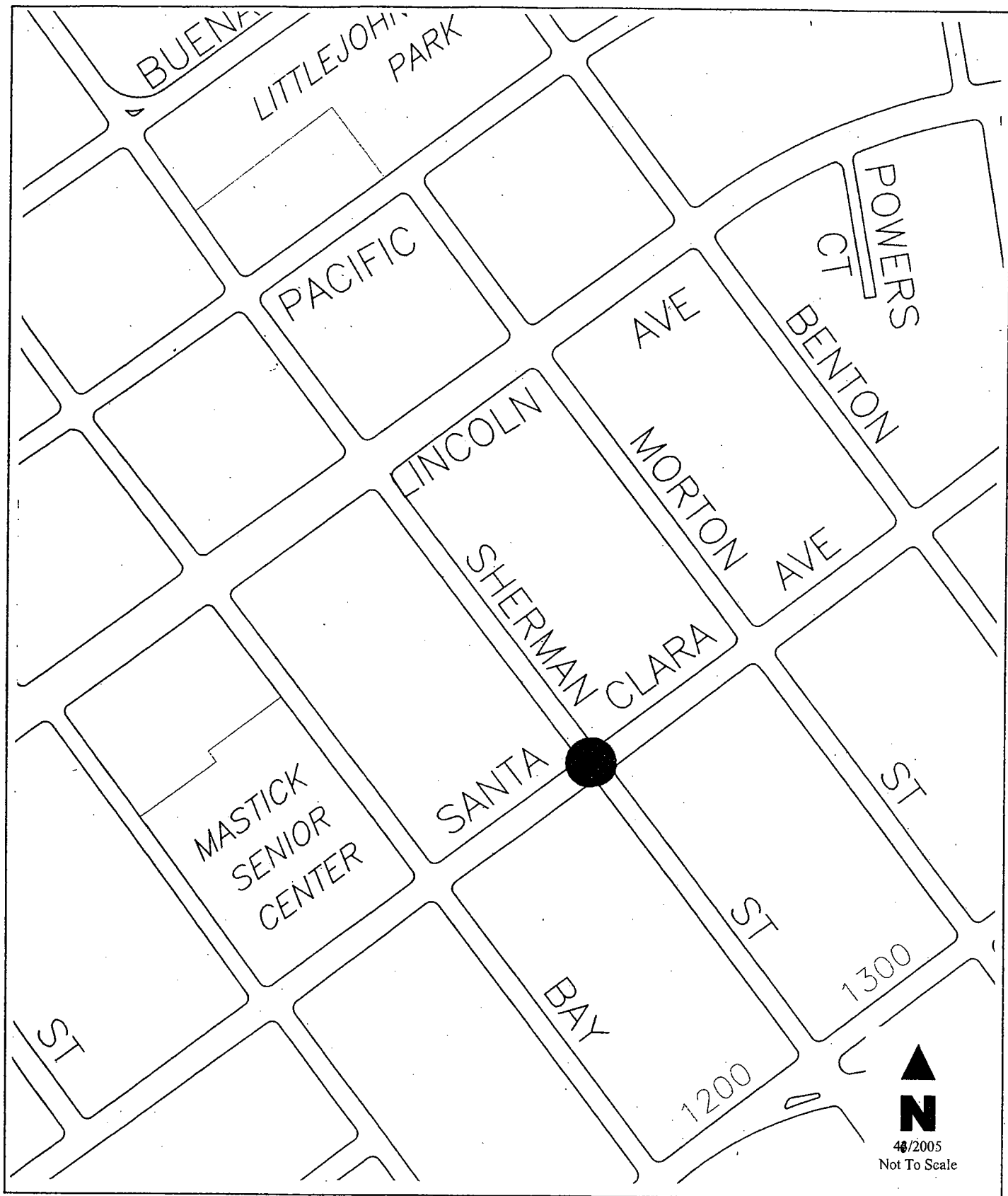
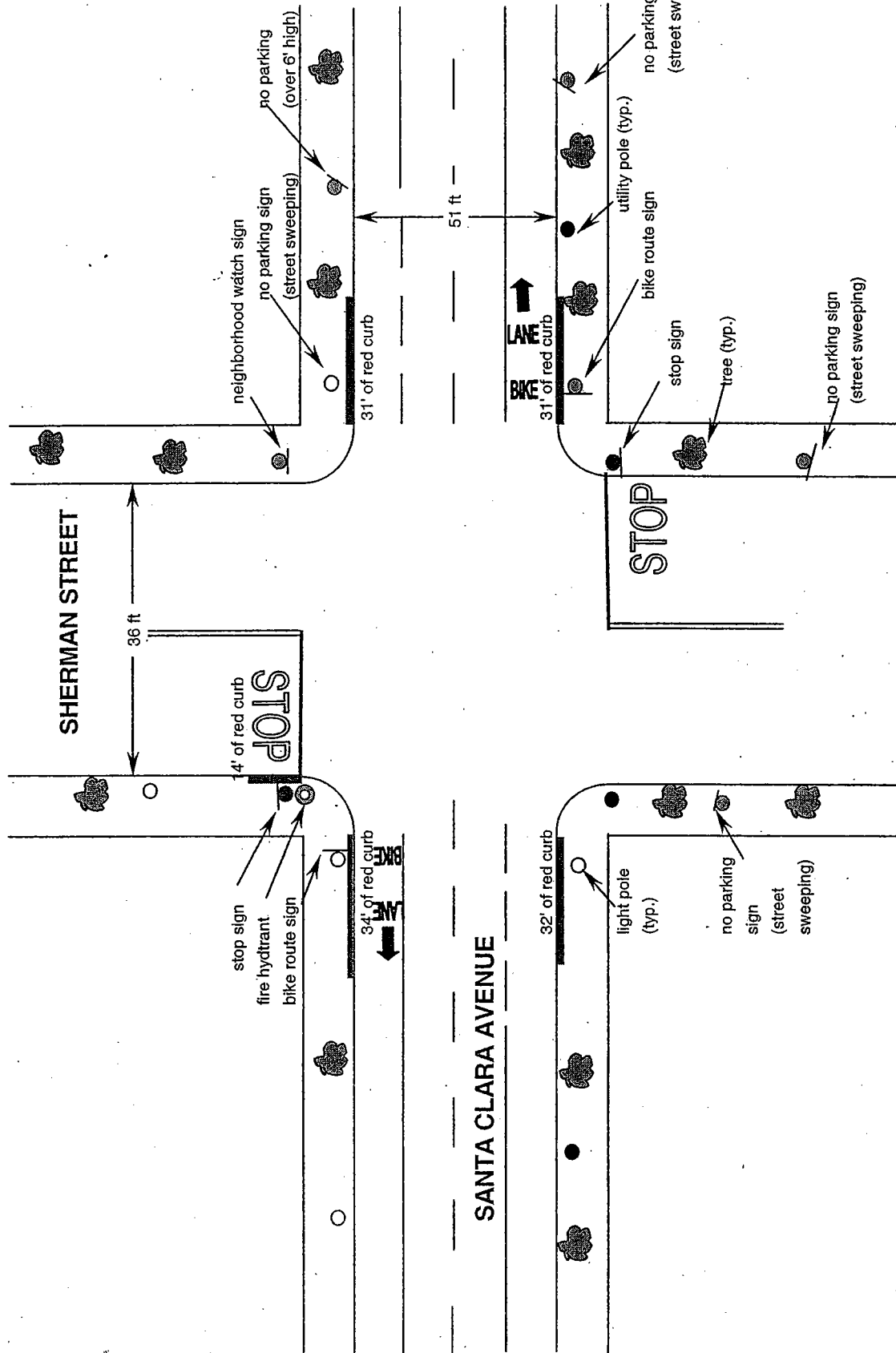


EXHIBIT "2A"

VICINITY MAP

City of Alameda
Traffic Engineering



4/2005
Not To Scale

CITY OF ALAMEDA

MEMORANDUM

Date: May 4, 2005

To: Honorable Mayor and
Councilmembers

From: William Norton
Acting City Manager

Re: Adoption of Resolution Authorizing the Use of Measure B Countywide Discretionary Fund Grant from Alameda County Transportation Improvement Authority (ACTIA) and Matching Funds from the City's Local Measure B Allocation to Complete a Citywide Pedestrian Plan

BACKGROUND

On March 2, 2004, the City Council approved the undertaking of a Citywide Transportation Master Plan (TMP), which will consist of a number individual mode-specific plans, including a pedestrian plan. A grant application was submitted to the Alameda County Transportation Improvement Authority (ACTIA) to solicit funding to complete the pedestrian plan.

DISCUSSION/ANALYSIS

The City was recently selected by the ACTIA board to receive \$36,000 through its Measure B Countywide Discretionary Fund to conduct the pedestrian plan. The project work scope, which was approved along with other elements of the TMP, consists of the following elements:

1. Develop goals and policies that will guide the City of Alameda in retaining its historic character as a walkable City. These goals and policies would address engineering and infrastructure regarding streets and intersections, transit, schools and Americans with Disabilities Act (ADA) issues as well as education, enforcement, and encouragement.
2. Inventory-Existing Conditions in School Zones – Review the signage and markings at the 12 public and three private elementary schools, three middle schools, three public high schools and one private high school. Identify faded or damaged markings, signs and needed improvements.
3. Review of Existing Suggested Routes to School – Review pedestrian collision history in school zones and at school crosswalks. Review existing Suggested Routes to School; evaluate appropriateness given changed traffic conditions, new development, etc. since these routes were developed. Identify needed changes to routes to school and associated improvements (e.g. traffic control devices, sidewalk maintenance or repair, etc.) along these routes.

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4. Review of Pedestrian Facilities in Business Districts and Alameda Point – Review and assess all existing sidewalks and crosswalks within the City's business districts and at Alameda Point. Recommend additional crossings or modifications considering pedestrian demand, collision history and other factors.
5. Stratify pedestrian recommendations into short and long-range projects.
6. Develop cost estimates and identify cost savings by coordinating with other City projects and initiatives.
7. Prioritize projects and identify roles and responsibilities of various City departments, state and regional agencies, other potential partners, and potential funding sources.

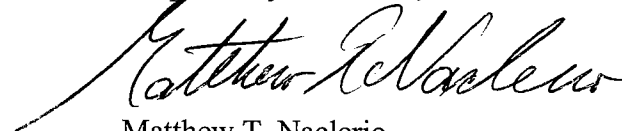
BUDGET CONSIDERATION/FINANCIAL IMPACT

In its application, the City offered to contribute \$9,000 toward the project, or 20 percent of the total project cost of \$45,000. This funding is available from the City's Measure B allocation.

RECOMMENDATION

The Acting City Manager recommends that the City Council, by motion, adopt a resolution authorizing the use of Measure B Countywide Discretionary Fund Grant from ACTIA and matching funds from the City's Local Measure B Allocation to complete a Citywide Pedestrian Plan.

Respectfully submitted,



Matthew T. Naclerio
Public Works Director



By: Barbara Hawkins *by gc*
Supervising Civil Engineer

MTN:BH:gc

Cc: Measure B Watchdog Committee

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Approved as to Form

CITY ATTORNEY

CITY OF ALAMEDA RESOLUTION NO. _____

AUTHORIZING THE USE OF MEASURE B COUNTYWIDE DISCRETIONARY FUND GRANT FROM ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY (ACTIA) AND MATCHING FUNDS FROM THE CITY'S LOCAL MEASURE B ALLOCATION TO COMPLETE A CITYWIDE PEDESTRIAN PLAN

WHEREAS, the City of Alameda is widely valued for its character as a walkable City;

WHEREAS, the pedestrian plan will evaluate and identify needed pedestrian safety projects in the vicinity of schools, commercial areas, and other key locations;

WHEREAS, the pedestrian plan will facilitate updating of the Capital Improvement Program and Citywide Development Fee project lists;

WHEREAS, on March 2, 2004, the Alameda City Council approved the work scope for a Transportation Master Plan, including a Citywide Pedestrian Plan;

WHEREAS, ACTIA has selected the Alameda Citywide Pedestrian Plan to receive \$36,000 in funding from its FY 2005/2006 Measure B Countywide Discretionary Grant Funds cycle; and

WHEREAS, the City has \$9,000 in funds available from the Measure B Bicycle and Pedestrian Program to provide the local matching funds;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Alameda hereby authorizes the receipt of Measure B Countywide Discretionary Funds from ACTIA for the Alameda Citywide Pedestrian Plan and authorizes the 20% local match.

* * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 17th day of May, 2005, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of
said City this ____ day of _____ 2005.

Lara Weisiger, City Clerk
City of Alameda

City of Alameda

Interoffice Memorandum

May 9, 2005

TO: Honorable Mayor and Members of the
City Council

FROM: William C. Norton
Acting City Manager

SUBJ: Adoption of Resolution Extending Period for Providing Low- and Moderate-Income
Housing Pursuant to Health and Safety Code Section 33334.16 (30 Units Within
Bachelor Officers' Quarters/Alameda Point)

Background

The Alameda Reuse and Redevelopment Authority (ARRA) leases the property at Alameda Point from the U.S. Department of the Navy. The leased premises include a building commonly referred to as the Bachelor Officers' Quarters (BOQ). In 1999, the ARRA was in negotiations with a prospective tenant for the BOQ. A successful project would have converted the 304 existing units into approximately 210 rehabilitated units. In addition, this project would have created an obligation to ensure that 30 units be made affordable to very-low income households. As part of project negotiations, the CIC and ARRA approved an Acquisition Agreement by which the CIC was authorized to acquire an affordable housing covenant for 30 units at the BOQ. The Acquisition Agreement authorized the ARRA to sell the covenant to the CIC for \$310,000. The City Council authorized the CIC to use Business and Waterfront Improvement Project housing set-aside funds for acquiring the covenant.

Discussion

California Redevelopment Law (CRL) requires that any property, including covenants, purchased with housing set-aside funds, must be developed in support of affordable housing within a five-year timeframe. Because the initial development project that the ARRA was negotiating for the rehabilitation of the BOQ never came to fruition, and the ARRA has now moved forward with a selected master developer, the required affordable housing has yet to be provided. However, CRL Section 3334.16 allows the legislative body to extend agreements, such as the Acquisition Agreement, for an additional period not to exceed five (5) years, in order to extend the timeframe for the entities to initiate activities that will result in the development of affordable housing units.

Consistent with CRL, the CIC and ARRA boards have considered an amendment to the Acquisition Agreement that extends the term through October 5, 2009. The resolution extends the term that the CIC may retain its real property interest in the BOQ through October 5, 2009, and is provided for City Council consideration. The extended term allows staff and the master developer to explore strategies to renovate the BOQ to include affordable housing. If the housing units are not developed during the additional five-year period, the CIC property interest will cease and the ARRA will be

required to reimburse the \$310,000, plus interest, to the Business and Waterfront Improvement Project set-aside fund.

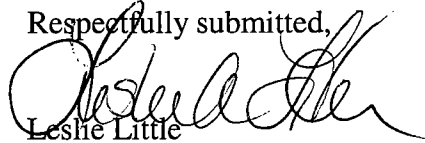
Fiscal Impact

Approving a resolution extending the term to provide affordable housing at the BOQ allows the CIC's covenant to remain in place for an additional five years. Therefore, the ARRA will not need to reimburse the CIC \$310,000, plus interest, at this time.

Recommendation

It is recommended that the City Council adopt a resolution extending period for providing low- and moderate-income housing pursuant to Health and Safety Code Section 33334.16 (30 units within Bachelor Officers' Quarters/Alameda Point).

Respectfully submitted,



Leslie Little
Development Services Director

By:



Debbie Potter
Base Reuse & Redevelopment Manager

LL/NB:dc

CITY OF ALAMEDA RESOLUTION NO. _____

EXTENDING PERIOD FOR PROVIDING LOW AND MODERATE INCOME
HOUSING PURSUANT TO HEALTH AND SAFETY CODE SECTION
33334.16 FOR 30 UNITS WITHIN THE BACHELOR OFFICERS QUARTERS
AT ALAMEDA POINT

WHEREAS, pursuant to California Health and Safety Code Section 33334.2, the Community Improvement Commission of the City of Alameda ("Commission") has set aside a portion of its tax increment funds for the purposes of increasing and improving the community's supply of low and moderate income housing and such funds are held in a separate low and moderate income housing fund pursuant to California Health and Safety Code Section 33334.3 ("Housing Fund"); and

WHEREAS, pursuant to an Acquisition Agreement ("Acquisition Agreement") entered into between the Commission and the Alameda Reuse and Redevelopment Authority ("ARRA"), the Commission used monies from the Housing Fund to purchase an affordable housing covenant ("Covenant") with respect to thirty (30) units ("Restricted Units") on certain real property ("Property") located within the Alameda Point Improvement Project ("APIP") to be acquired by ARRA from the United States Department of the Navy; and

WHEREAS, in order to ensure that real property acquired with Housing Fund monies is used for providing housing affordable to low and moderate income persons, California Health and Safety Code Section 33334.16 requires that activities consistent with the provision of affordable low and moderate income housing must be initiated within five years from the date the Commission acquires the property interest, unless extended for an additional period not to exceed five years by resolution of the City Council of the City of Alameda ("City Council"); and

WHEREAS, due to delays in the ability of ARRA to acquire the Property from the United States Department of the Navy, ARRA has not yet been able to obtain fee title to the Property and, therefore, has been unable to encumber the Restricted Units with the Covenant; and

WHEREAS, the City Council wishes to extend the period for providing the Restricted Units on the Property in order to fulfill its goal of providing more affordable low and moderate income housing within the City of Alameda;

NOW, THEREFORE, the City Council of the City of Alameda hereby resolves as follows:

Section 1. City Council hereby affirms its intention that the Restricted Units be provided on the Property.

Section 2. City Council hereby extends the period the Commission may retain its real property interest in the Property for an additional five (5) years for the purpose of providing the Restricted Units on the Property.

* * * * *

**Resolution #4-H CC
5-17-05**

Approved as to Form

CITY ATTORNEY

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the City Council of the City of Alameda at a _____ meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City Council this _____ day of _____, 2005.

Lara Weisiger, City Clerk
City of Alameda

CITY OF ALAMEDA
MEMORANDUM

Date: May 4, 2005

To: The Honorable Mayor and
Members of the City Council

From: William C. Norton
Acting City Manager

Re: Resolution of Intention to Levy an Annual Assessment on the Alameda Business Improvement Area of the City of Alameda for FY 2005-06 and Set a Public Hearing for June 7, 2004

BACKGROUND

On May 17, 1989, City Council established a Parking and Business Improvement Area (BIA) for the Park and Webster Street business districts. The City contracts with the Park Street and West Alameda Business Associations (PSBA and WABA) to administer BIA funds collected from businesses in their respective areas.

DISCUSSION

The Parking and Business Improvement Area Law of 1989 requires Council to appoint an advisory board to make an annual report and recommendations to Council on the proposed expenditure of BIA revenues. The appointment of the advisory board is accomplished through annual adoption of a Resolution of Intention to Levy an Annual Assessment in which PSBA and WABA are appointed as 2005-06 advisory bodies for their respective geographic zones of the BIA.

PSBA and WABA have prepared this year's reports pursuant to their existing BIA agreements with the City. The reports (included as Attachments A and B and also on file with the City Clerk) itemize activities, revenue and estimated costs for FY 2005-06. Attachment C provides information that will enable business owners to determine the amount they will be assessed.

The Council may approve the reports, or modify them and approve them as modified. After report approval, the Council must adopt a Resolution of Intention to Levy an Annual Assessment for FY 2005-06.

BUDGET CONSIDERATION/FISCAL IMPACT

There is an impact on the General Fund in the form of Finance Department staff costs to process BIA billing and expenditure. BIA billing is done concurrently with Business License billing. Revenues from the BIA directly benefit business owners in specified geographic and benefit zones through the promotion of business and similar eligible activities. The impact on the General Fund will be handled through Finance Department staffing proposed for funding in the FY 2005-06 budget.

MUNICIPAL CODE CROSS REFERENCE

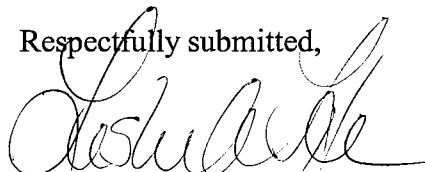
A.M.C. Sec. 6-7 et seq.

RECOMMENDATION

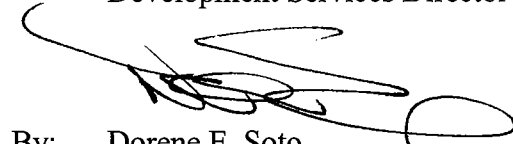
The City Manager recommends that the City Council:

1. Adopt a Resolution of Intention to levy an annual assessment on the Alameda Business Improvement Area of the City of Alameda for FY 2005-06; and
2. Set a public hearing for June 7, 2005.

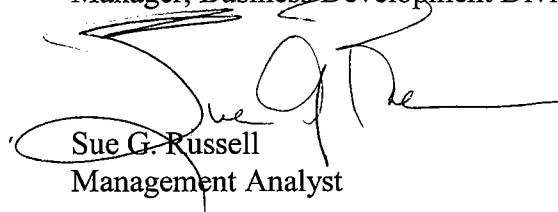
Respectfully submitted,



Leslie A. Little
Development Services Director



By: Dorene E. Soto
Manager, Business Development Division



Sue G. Russell
Management Analyst

WCN/LAL/DES/SGR:rv

Attachments

cc: Economic Development Commission
Park Street Business Association
West Alameda Business Association

Dedicated to Excellence, Committed to Service



April 13, 2005

Sue Russell
Management Analyst
Development Services Department
950 West Mall Square
Alameda, CA 94501

Dear Ms. Russell:

As President of the Park Street Business Association, I am pleased to submit the attached BIA Report and accompanying 2005/2006 budget for our Association.

We do not anticipate any changes in the BIA for 2005/2006. We have provided a description of the activities PSBA is proposing for the upcoming year and the associated line item budget.

This proposed budget was approved by the PSBA Board of Directors in a phone poll conducted this week and will be confirmed at the May 25, 2005 board meeting. Based on revenue received to date, we anticipate 05/06 BIA revenue of \$81,000, and a carryover of \$5,300 resulting from more than anticipated 04/05 revenues and cost containment by PSBA. This brings our 05/06 BIA budget to \$86,300.

We would be glad to answer any questions you have regarding the attached material.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lars".

Lars Hansson
President
Park Street Business Association

PARK STREET BUSINESS ASSOCIATION

2447 Santa Clara Ave., #302, Alameda, CA 94501

PROPOSED ASSESSMENT FOR BUSINESS IMPROVEMENT AREA FISCAL YEAR 2005/2006

INTRODUCTION:

The Park Street Business Association (PSBA) is recommending a BIA budget of \$86,300 for the Park Street Business District for fiscal year 2005/2006. This recommendation is based on the estimate of the income derived from the BIA assessment in fiscal 04/05 as well as a carryover from the 04/05 budget, which resulted from more than expected revenue and cost containment by PSBA. The formulas, budgets, and proposed activities are the result of monthly Board of Director and committee meetings between December, 2004, and May, 2005.

BUDGET:

The BIA is one of four sources of funding for the activities proposed in this report. The other three sources are funds raised by the Park Street Business Association, reimbursement from the Landscape and Lighting Budget, and a proposed grant we will be seeking from the Development Services Department. PSBA will continue its current activities, as well as implement new ones, that are in line with the National Trust's Main Street Four-Point plan for revitalizing Main Street Cities.

BOUNDARIES:

We are not proposing any changes this year.

ACTIVITIES:

Attached is a summary of the proposed activities for the fiscal year 2005/2006. These activities are designed to improve the pedestrian friendly look of the Park Street District, improve the vitality of the District in order to increase sales and sales tax revenues, promote members' businesses, attract new businesses to the District and increase the overall business atmosphere in the Park Street District. Several projects are continuations from the 2004/2005 fiscal year.

Park Street Business Association

2005/06 Design Committee

Work Plan Outline

- 1. Streetscape**
 - a. Ensure MTC timeline is met
 - b. Monitor construction progress
 - c. Begin Phase II planning and funding
- 2. Design Guidelines**
 - a. Determine acceptable and not acceptable design criteria
 - b. write guidelines
 - c. Submit to PSBA Board for Approval
 - d. Work with City Staff to have new ordinances presented to City Council
- 3. Sign Ordinance**
 - a. Begin Enforcement
- 4. News Rack Ordinance**
 - a. Review New Draft
 - b. Make additional suggestions for final draft ordinance
 - c. Review Final Draft
 - d. Take Final Draft to PSBA Board for Approval
 - e. Submit final changes to Planning Dept. /City Attorney
 - f. Review completed ordinance
 - g. Submit completed ordinance to Council
 - h. Council Approval
 - i. Begin Enforcement
 - j. Review Santa Clara Ave. Newsstand

Park Street Business Association

2005/06 Econ-Revi Committee

Work Plan Outline

1. Identify Locations For New Businesses

- a. Work With City of Alameda
- b. Work With Commercial Brokers
- c. Physical Survey of the District
- d. Provide district vacancy list on a monthly basis

2. Ordinances

- a. News racks – assist with council passage
- b. Vacant Buildings – begin discussions with city staff to beef up ordinance
- c. Work with city and ACI for better working garbage contract

3. Maintenance

- a. Continue current level of service – 7 days a week

4. Recruitment/Retention

- a. Develop and maintain vacancy list for District
- b. Contact targeted companies to determine their interest in coming to Park Street and Alameda
- c. Maintain contact with existing businesses to determine additional needs and attempt to meet them.

Park Street Business Association 2005/06 Membership Committee Work Plan Outline

- 1. Conduct Meetings**
 - a. Mixers
 - b. Special Meeting (October)
 - c. Programs at half the meetings
 - d. Holiday Party
- 2. Awards**
 - a. Continue current awards program
- 3. Welcome/New Members**
 - a. Update New Members Packet
 - b. Recruit ambassadors to greet new members
 - c. Greet new members with packet as they move into the district
- 4. Newsletter**
 - a. Continue mailing newsletter every month
 - b. Update mailing list

Park Street Business Association

2005/06 Promotions Committee

Work Plan Outline

1. Continue Special Events

- a. Spring Festival (mother's day weekend)
- b. Art & Wine Faire (the last weekend in July)
- c. Classic Car Show (2nd weekend in October)

2. Promotions

- a. Traditional shopping guide to continue for general distribution
- b. Web site (newly improved)
- c. Work with ACLO on cross marketing idea

3. Print Advertising

- a. Continue Best of Alameda PSBA pages (defines the district and our members)
- b. Continue SF Chronicle campaign
- c. Continue Holiday campaign
- d. Continue Alameda/Oakland Magazine campaign

4. Cable Advertising

- a. Continue Spring Festival ads
- b. Continue Art & Wine Faire ads
- c. Continue Classic Car Show ads
- d. Continue Holiday campaign ads
- e. Begin Summer time campaign ads

5. Holiday Promotions

- a. cable ads two weeks prior to Christmas
- b. Free parking on all weekends after Thanksgiving
- c. Continue print ads in Chronicle, Sun, and Journal

METHOD AND BASIS OF LEVYING ASSESSMENT

Budget: See Exhibit A

CONCLUSION

PSBA would like to thank the Alameda City Council, City Attorney, Community Development, Public Works and Finance Departments for their assistance in implementing the BIA. The increased participation from the business community and the continued quality of projects has shown the BIA is a valuable tool in our continuing efforts to revitalize the Park Street Historic Business District.

Exhibit A

Park Street Business Association 2005/2006 BIA Budget Submission

INCOME:

BIA Projection	\$81,000
Accumulated Carryover	<u>\$5,300</u>
Total Income:	\$86,300

EXPENSES:

Program Services - Maintenance

Benefits	\$7,000
Worker's Comp Insurance	\$15,600
Payroll Taxes	<u>\$4,400</u>
Sub-Total	\$27,000

Personnel Services

Executive Director	\$2,000
Administrative Assistant	\$7,700
Payroll Taxes	\$8,200
Workers Comp Insurance	<u>\$1,800</u>
Sub Total	\$19,700

General & Administration

Liability/D&O Insurance	\$4,000
Printing	\$400
Newsletter	\$5,000
Postage	\$2,200
Equipment	\$2,000
Meetings/Trainings	\$2,000
Supplies	\$1,700
Rent	\$12,100
Utilities	\$1,600
Audit/Accounting	<u>\$8,600</u>
Sub-Total	\$39,600

Total Expenses	\$86,300
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WEST ALAMEDA BUSINESS ASSOCIATION

PO Box 215, Alameda, CA 94501
(510) 523-5955 west_alameda@yahoo.com
www.WestAlamedaBusiness.com

PROPOSED ASSESSMENT FOR THE WEST ALAMEDA BUSINESS IMPROVEMENT AREA FISCAL YEAR JULY 1, 2005 - JUNE 30, 2006

INTRODUCTION

The West Alameda Business Association (WABA) is recommending the following assessment for the Webster Street Business District for fiscal year (FY) 2005-2006. The formulas, budgets and proposed activities are the result of various Board and Committee meetings. The draft Business Improvement Area (BIA) Budget will be presented for adoption at the Board of Directors meeting May 18, 2005.

PROPOSED CHANGES

WABA is not recommending any changes to the Business Improvement Area.

ACTIVITIES

The following is a summary of proposed activities for the fiscal year 2005-2006. These activities have been discussed at various Board and committee meetings. WABA's mission is to use these activities to increase the vitality of Webster Street and West Alameda and preserve Webster Street's historic character. We seek to generate more foot traffic, increase sales and sales tax, promote members' businesses and increase the public goodwill and atmosphere in West Alameda.

The BIA is the source of funding for these activities. WABA will continue its current activities and implement others that follow the Main Street Four-Point Approach established by the National Trust for Historic Preservation.

It is estimated that there will be no carry forward from the 2004-2005 budget.

The estimated BIA revenue for 2005-2006 is \$32,000 .

The following are activities proposed for 2005-2006. Several projects are continuations from previous fiscal years.

ECONOMIC RESTRUCTURING

- Facilitate development of high-potential properties
- Work with the City to attract appropriate businesses
- Monitor the impact of new and re-use housing projects
- Determine the potential for eco-tourism as a West Alameda business opportunity
- Investigate sources of entertainment as a business opportunity for West Alameda
- Work with the City and others to finalize and implement the Strategic Economic Development Plan, including parking plan, catalyst project and business attraction strategies
- Continue business retention activities

DESIGN

- Finish the Webster Renaissance Project
- Implement Design Guidelines
- Develop beautification program
- Continue helping members with the Storefront Assistance Program
- Build broad-based community support for ongoing projects
- Work with City to implement recent changes to sign ordinance
- Implement newsrack district
- Fulfill public art requirements

SPECIAL EVENTS

- Participate in July 4th events
- Produce advertising for the Association and businesses
- Produce year-round Farmers' Market
- Produce Thursday night Farmers' Market during summer months
- Produce Concerts at the Cove
- Produce Third Thursday Arts and Crafts Campus
- Produce Webster Street Wine and Dine Nights
- Produce annual Halloween event
- Produce 4th annual Peanut Butter Jam
- Produce holiday bazaar and visit from Santa
- Produce streetscape unveiling

PUBLIC RELATIONS

- Generate increased favorable publicity about West Alameda
- Maintain contacts with key media representatives
- Update and distribute marketing literature promoting West Alameda businesses

- Continue implementing strategic marketing plan, including branding strategy, website, weekly columns and calendar of events, cooperative advertising program and business attraction strategy

ORGANIZATION

- Manage the administrative activities of the organization
- Expand community and business participation with WABA
- Develop and implement a fundraising plan, including Community Benefit District
- Organize and host business and community events for members
- Conduct annual self-evaluation of Board members and staff
- Produce and distribute WABA newsletter
- Recruit members from outside the BIA and among residents
- Distribute information door-to-door
- Involve important neighbors e. g. College of Alameda, Marina Village, Alameda Point in WABA's activities
- Implement enhanced volunteer program, including recruitment, volunteer appreciation activities and training
- Continue implementing enhanced maintenance program, including clean-up events, keeping up appearances awards and collaboration with City maintenance staff to resolve issues such as illegal dumping , littering and public health hazards

METHOD & BASIS OF LEVYING ASSESSMENT

Budget, see Exhibit A

Assessment, see Attachment C

CONCLUSION

WABA would like to thank the Alameda City Council, City Attorney, Development Services, Public Works, Planning and Finance Departments for their assistance in implementing the BIA. The BIA is a valuable tool in our continuing efforts to revitalize West Alameda's historic business district.

**West Alameda Business Association
BIA BUDGET 05-06**

INCOME

BIA Projection	\$ 32,000
Accumulated Carryover	<u>\$ -</u>
Total Income	\$ 32,000

EXPENSES

PERSONNEL SERVICES

PR Tax/Benefits	<u>\$ 6,000</u>
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SUBTOTAL \$ 6,000

MEMBERSHIP SERVICES

Supplies	\$ 1,000
Printing	\$ 3,000
Postage	\$ 1,000
Newsletter/website	\$ 2,000
Committees	\$ 1,000
Equipment	<u>\$ 500</u>

SUBTOTAL \$ 8,500

INDIRECT/OVERHEAD

Accounting/Audit	\$ 6,000
Utilities	\$ 5,000
Insurance	\$ 6,000
Contingency	<u>\$ 500</u>

SUBTOTAL \$ 17,500

GRAND TOTAL \$ 32,000

**ALAMEDA BUSINESS IMPROVEMENT AREA - NON-RETAIL
FISCAL YEAR 2005-06**

Professionals and independent contractors who primarily go out into the public to sell to clients and/or do not operate retail stores.

Accountant			
Advertising			
Ambulance		AREA A = \$ 116.00	
Answering service			
Architect		AREA B = \$ 76.00	
Attorney			
Building maintenance			
Business services			
Construction			
Consultants			
Contractors			
Counselor			
Credit Unions with restricted membership			
Decorator		PRO-RATED FEES	
Electrician			
Employment		A	B
Engineer			
Gardener		<u>\$116.00</u>	<u>\$ 76.00</u>
Graphic arts			
Handyman	JULY	116.00	76.00
Health/Medical professions			
Importers	AUG	106.00	70.00
Insurance			
Landscape	SEPT	97.00	63.00
Mail order			
Manufacturer	OCT	87.00	57.00
Manufacturer's/sales reps			
Mortuary	NOV	77.00	51.00
Newspaper publishing			
Nursing facility	DEC	68.00	44.00
Painters			
Pest control	JAN	58.00	38.00
Plumber			
Property management	FEB	48.00	32.00
Real estate			
School/Instruction	MAR	39.00	25.00
Security			
Stockbrokers	APR	29.00	19.00
Tax consultants			
Travel	MAY	19.00	13.00
Veterinary			
Wholesalers	JUNE	10.00	6.00
Misc. professional/office			

**ALAMEDA BUSINESS IMPROVEMENT AREA - RETAIL SERVICE
FISCAL YEAR 2005-06**

Businesses that operate a store where people go to purchase a service.

Alarm and fire extinguisher service

Appliance service

Athletic/Health Club

Auto glass

Auto upholstery

Auto wash/parking

Auto repair

Barber

Beauty

Cleaners

Electronics service

Furniture repair

Hotel/motel

Keys/Locksmith

Laundromat/laundry

Marine service

Pet services

Photography studio

Printing

Shoe service

Storage

Tailor

Tattoo

Upholstery

AREA A = .40/1,000 GR

MINIMUM = \$ 116.00

MAXIMUM = \$1,536.00

AREA B = .20/1,000 GR

MINIMUM = \$ 76.00

MAXIMUM = \$754.00

PRO-RATED MINIMUM FEES

	A	B
	<u>\$116.00</u>	<u>\$76.00</u>
JULY	116.00	76.00
AUG	106.00	70.00
SEPT	97.00	63.00
OCT	87.00	57.00
NOV	77.00	51.00
DEC	68.00	44.00
JAN	58.00	38.00
FEB	48.00	32.00
MAR	39.00	25.00
APR	29.00	19.00
MAY	19.00	13.00
JUNE	10.00	6.00

**ALAMEDA BUSINESS IMPROVEMENT AREA - RETAIL GOODS
FISCAL YEAR 2005-06**

Businesses that operate a store where people go to purchase a product.

Alcoholic
Amusement
Antiques
Appliances sales
Art
Auto dealer
Auto stereo
Auto supply

AREA A = .40/1,000 GR
MINIMUM = \$ 231.00
MAXIMUM = \$1,536.00

Bakery
Bar
Bicycles
Books
Clothing
Coin
Computer sales
Drug/variety
Electronics sales
Fishing
Floor coverings
Florist
Food
Furnishings
Furniture
Gasoline stations
Gift
Hardware
Hobby
Jewelry
Magazines/newspaper sales
Marine sales
Market
Medical supplies
Music
Nursery
Office supplies/equipment
Optical supplies
Pet supply
Product rentals
Restaurant
Shoe sales
Sporting goods
Thrift/used merchandise
Theater/club
Video
Other retail goods

AREA B = .20/1,000 GR
MINIMUM = \$ 116.00
MAXIMUM = \$ 771.00

PRO-RATED MINIMUM FEES

		A <u>\$231.00</u>	B <u>\$116.00</u>
	JULY	231.00	116.00
	AUG	212.00	106.00
	SEPT	193.00	97.00
	OCT	173.00	87.00
	NOV	154.00	77.00
	DEC	135.00	68.00
	JAN	116.00	58.00
	FEB	96.00	48.00
	MAR	77.00	39.00
	APR	58.00	29.00
	MAY	39.00	19.00
	JUNE	19.00	10.00

**ALAMEDA BUSINESS IMPROVEMENT AREA
FINANCIAL INSTITUTIONS/UTILITIES
FISCAL YEAR 2005-06**

Banks

Savings and Loans

Credit Unions operating to the general public

Utilities

AREA A & B = \$ 771.00

CITY OF ALAMEDA RESOLUTION NO. _____

RESOLUTION OF INTENTION TO LEVY AN ANNUAL ASSESSMENT ON THE
ALAMEDA BUSINESS IMPROVEMENT AREA OF THE CITY OF ALAMEDA FOR FY
2005-06 AND SET A PUBLIC HEARING FOR JUNE 7, 2005.

WHEREAS, Section 6-7 of Article II of Chapter VI of the Alameda Municipal Code establishes the Alameda Business Improvement Area of the City of Alameda (hereinafter "Area"); and

WHEREAS, the Area comprises all of the Park Street Business Area, included by reference on the map and list of inclusive addresses included in this Resolution as Exhibit A and C, respectively; and all of the Webster Street Business Area included by reference on the map and list of inclusive addresses included in this Resolution as Exhibit B and C, respectively; and

WHEREAS, the improvements and activities authorized by the Ordinance include the general promotion of business activities in the Area, the promotion of the public events which are to take place on or in public places in the Area, the decoration of any public place in the Area, the furnishing of music in any public place in the Area, and the acquisition, construction or maintenance of parking facilities for the benefit of the Area; and

WHEREAS, agreements between the City of Alameda (hereinafter "City") and the Park Street Business Association (hereinafter "PSBA") and the West Alameda Business Association (hereinafter "WABA") designated PSBA and WABA to administer Business Improvement Area (hereinafter "BIA") funds for their respective geographic zones of the BIA; and

WHEREAS, PSBA and WABA have filed reports with the City Clerk describing the surplus or deficit revenues to be carried over from FY 2004-05 and describing the improvements and activities, estimated costs and methods and basis for levying the assessment for FY 2005-06.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Alameda that PSBA and WABA are hereby designated as the BIA Advisory Body for 2005-06; and

BE IT FURTHER RESOLVED that the City Council hereby sets a public hearing to consider the annual assessment for the Area and to consider any modification of benefit areas or change in boundary for June 7, 2005, at which time written or oral protests may be made; and

BE IT FURTHER RESOLVED that the City Clerk is hereby directed to advertise said public hearing by causing this Resolution of Intention to be published once in a newspaper of general circulation in the City not less than seven days before the public hearing.

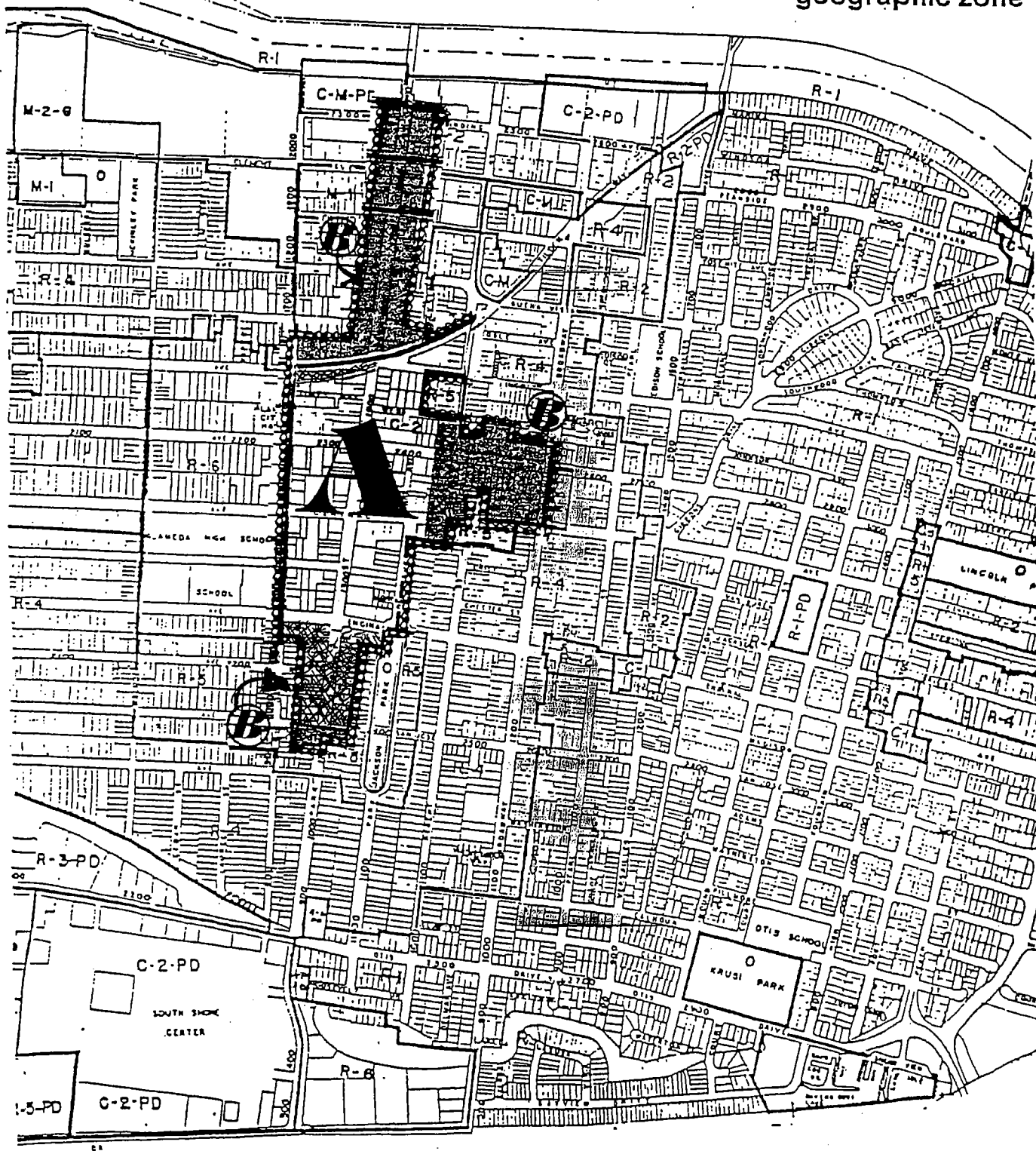
* * * * *

Resolution #4-I CC
5-17-05

Approved as to Form


CITY CLERK

EXHIBIT A:
Park Street
geographic zone



PARK STREET COMMERCIAL AREA

- A: Benefit Area A
B: Benefit Area B

EXHIBIT B:
Webster Street
geographic zone



WEBSTER STREET COMMERCIAL AREA

- A:** Benefit Area A
- B:** Benefit Area B

EXHIBIT C

LIST OF ADDRESSES WITHIN BIA BOUNDARIES

Combined List of Benefit Area "A" and "B" Zones:		Geographic Area:
Alameda Ave.	2300-2399 odd/even	Park St.
Broadway	1400-1590 odd only	Park St.
Buena Vista Ave.	616-750 odd/even	Webster St.
Central Ave.	630-760 odd/even	Webster St.
	2300-2499 odd/even	Park St.
	2501, 2521	Park St.
Eagle Ave.	633-707 odd/even	Webster St.
Encinal Ave.	2300-2499 odd/even	Park St.
Everett St.	1400-1519 odd/even	Park St.
Haight St.	629-728 odd/even	Webster St.
Lincoln Ave.	627-726 odd/even	Webster St.
	2267-2499 odd/even	Park St.
Oak St.	1300-1599 even only	Park St.
Pacific Ave.	626-730 odd/even	Webster St.
Park Ave.	1300-1399 odd only	Park St.
	1400-1499 odd/even	Park St.
Park St.	1125, 1198, 1200-1999 odd/even	Park St.
San Antonio Ave.	2312-2399 odd/even	Park St.
Santa Clara Ave.	700-720 odd/even	Webster St.
	2300-2599 odd/even	Park St.
Taylor Ave.	634-725 odd/even	Webster St.
Times Wy.	2300-2399 odd/even	Park St.
Webb Ave.	2400-2499 odd/even	Park St.

Webster St.	1345-1999 odd/even	Webster St.
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Memo: Benefit Area "B" Zone Only

Broadway	1400-1509 odd only	Park St.
Everett St.	1400-1519 odd/even	Park St.
Park St.	1125, 1198, 1200-1251 odd/even, 1600-1999	Park St.
Santa Clara Ave.	2500-2599 odd/even	Park St.
Lincoln Ave.	2267-2499 odd/even	Park St.
Central Ave.	2431, 2433, 2440, 2501, 2521	Park St.

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this _____ day of _____, 2005.

Lara Weisiger, City Clerk
City of Alameda

CITY OF ALAMEDA

MEMORANDUM

DATE: May 11, 2005

TO: Honorable Mayor and
Councilmembers

FROM: William C. Norton
Acting City Manager

RE: Introduction of Ordinance Amending the Alameda Municipal Code to
Increase the Composition of the Recreation and Park Commission from
Five to Seven Members

Discussion/Analysis

This item was placed on the agenda at the request of Mayor Johnson.

Alameda's City Council created a five member Recreation and Park Commission on August 15, 1967. The Commission was established to advise, coordinate, and give guidance to the acquisition, development, maintenance, and operation of parks, playgrounds, and other recreational facilities in the City of Alameda.

The Recreation and Park Commission is composed of five members appointed to overlapping terms of four years. The Commission also contains one ex-officio member who is the City Manager or his/her designee and is not entitled to vote at any meetings or proceedings.

The City has opportunities to expand parkland and recreational facilities, especially in the City's redevelopment areas. In light of this increased development activity and the challenges associated with meeting the community's growing demands for recreational services with fewer resources, it would be helpful to increase the Commission from five to seven members. The additional members can use their expertise to advise the Council on a variety of recreation and park issues in the upcoming years.

In addition to increasing the number of Commission Members from five to seven, introduction of this ordinance will also increase the number of votes required to take an action from three votes to four.

Budget Consideration/Financial Impact

Any increase (nominal) in cost for the additional Recreation and Park Commissioners will be absorbed in the current Recreation and Park Department budget. The funding for these costs will come from the General Fund.

Alameda Municipal Code Reference

AMC 2-7

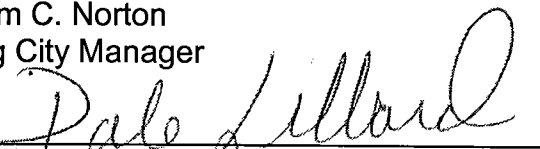
Recommendation

The Acting City Manager recommends that City Council introduce an ordinance amending the Municipal Code to increase the composition of the Recreation and Park Commission from five to seven members.

Respectfully submitted,

William C. Norton
Acting City Manager

By:

A handwritten signature in cursive script, appearing to read "Dale Lillard", written over a horizontal line.

Dale Lillard, Acting Director
Recreation and Park Department

WCN:DL:CJ:bf

CITY OF ALAMEDA ORDINANCE NO. _____
New Series

AMENDING THE ALAMEDA MUNICIPAL CODE TO INCREASE THE COMPOSITION OF THE RECREATION AND PARK COMMISSION FROM FIVE TO SEVEN MEMBERS BY AMENDING SUBSECTIONS 2-7.2 (MEMBERSHIP; APPOINTMENT; REMOVAL), 2-7.3 (QUALIFICATION; VOTING) OF SECTION 2-7 (CITY RECREATION AND PARK COMMISSION)

Approved as to Form

CITY ATTORNEY

BE IT ORDAINED by the City Council of the City of Alameda that:

Section 1. Subsection 2-7.2 of the Alameda Municipal Code is hereby amended to read as follows:

2-7.2 Membership; Appointment; Removal.

- a. The Commission shall consist of seven (7) regular members, and (1) ex officio member who shall be the City Manager or his/her designee and who shall not be entitled to vote at any meetings or other proceedings.
- b. The seven (7) regular members shall, upon nomination of the Mayor, be appointed by the City Council. The term of such members shall be for four (4) years and thereafter until the successor of such member is appointed and qualified, and all terms shall begin in October. A vacancy in the office of any such member shall be filled for the unexpired term by appointment in the manner hereinabove set forth.
- c. A regular member may be removed by the affirmative vote of four (4) members of the City Council (Ord. No. 1552 N.S.; Ord. No. 1934 N.S.)

Section 2. Subsection 2-7.3 of the Alameda Municipal Code is hereby amended to read as follows:

2-7.3 Qualification; Voting.

All members of the Commission shall, at the time of their appointment and continuously during their incumbency, be residents of the City. The vote of four (4) regular members shall be necessary for an act of or by the Commission. (Ord. No. 1552; Ord. No. 1934 N.S.)

Section 3. Effective Date. This Ordinance shall be in full force and effect from and after the expiration of thirty (30) days from the date of its final passage.

* * * * *

Introduction of Ordinance #4-J CC
5-17-05

I, the undersigned, hereby certify that the foregoing Ordinance was duly and regularly adopted and passed by Council of the City of Alameda in regular meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:


IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City this _____ day of _____, 2005.

Lara Weisiger, City Clerk
City of Alameda

CITY OF ALAMEDA

MEMORANDUM

To: The Honorable Mayor
and Members of the City Council

From: William C. Norton 
Acting City Manager

Date: May 11, 2005

Re: Resolution Recognizing the Selection of the City of Wuxi, China as
Alameda's Friendship City and Authorizing the Mayor to Sign a
Memorandum of Understanding Regarding the Formulation and
Implementation of Sister City Relations

In 2004, members of the Social Services Human Relations Board (SSHRB) and local volunteers formed the Alameda Sister City Workgroup. The Workgroup was established to examine and evaluate the status of Alameda's existing Sister City relationships with Lindigo, Sweden and Arita-Machi, Japan; and to determine the interest in and commitment to developing a new Sister City relationship with Wuxi, China. The SSHRB discussed the proposed project with the City Council at their Joint Work Session in May 2004 and were encouraged by Councilmembers to continue their efforts.

In separate trips in 2004, SSHRB President Jim Franz and SSHRB Vice President Stewart Chen visited Wuxi, China and found the city and its residents to be hospitable and very interested in pursuing the formation of a Sister City relationship. In meetings with Wuxi officials, a "Friendship City" relationship was proposed as a first step in formalizing Sister City ties through Sister City International, a non-profit organization that manages Sister City affiliates around the world.

In December 2004 Mayor Johnson received a letter from the Deputy Director of the Wuxi Municipal Foreign Affairs Office regarding a visiting delegation in Spring of 2005. Mayor Johnson extended an official invitation to the delegation, which will arrive in Alameda on May 16, 2005. Their arrival coincides with a community reception and dinner that the Workgroup has been planning to introduce the Wuxi Sister City project to the community and to honor financial contributors to the Workgroup. Other activities, including a business briefing, a tour of the estuary and bay, and an education roundtable are also planned. The visit will culminate in a presentation to the City Council and this proposed action to enter into a Memorandum of Understanding (MOU, Attachment A) with Wuxi, China.

Discussion and Analysis

Wuxi, China is a coastal city of 1.2 million residents, located in Jiangsu province on the southeast coast of China. It is approximately 150 miles from Shanghai, and shares with that larger city a very robust and booming economy. It is a transportation hub and one of the top ten tourist destinations in China. A map and fact sheet about Wuxi is Attachment B to this report, and more information is available at www.chinapages.com/jiangsu/wuxi.

Sister Cities International (SCI) is a non-profit citizen diplomacy network that promotes peace through mutual respect, understanding and cooperation – one individual, one community at a time. Originally a part of the National League of Cities, Sister Cities International became a separate, nonprofit corporation in 1967 due to growth and popularity of the Sister City movement. SCI's mission statement and goals are outlined in Attachment C.

Alameda and Wuxi are both current members of Sister Cities International with other Sister City ties. As previously stated, Lindingo, Sweden and Arita-Machi, Japan are existing Alameda sister cities. The SSHRB has been looking for local residents who are interested in working on revitalizing those ties, but has met with little success. Similarly, Chattanooga, Tennessee is a sister city of Wuxi. Under SCI policies, cities must enter into cooperative agreements with any existing sister cities before a new relationship can be officially recognized by SCI. Therefore, Wuxi has proposed and we concur that a Friendship City designation should be the first step towards official Sister City certification. This affiliation will provide time for Alameda and Wuxi to develop cooperative agreements with their other sister cities, while immediately furthering their mutual goals of conducting business, cultural and social exchanges.

In addition to working towards establishing formal Sister City relations, the proposed MOU calls on both cities to promote visits between their people and encourage exchanges in the fields of economy and trade, science, technology and culture. The MOU establishes the Mayor and City Council as Alameda's representatives, and allows for designees to carry out some of the day-to-day work of a Sister City relationship. The SSHRB has been handling the arrangements for the current visit and expects to continue in that role until a non-profit organization is formed to manage local Sister City activities. Research regarding formation of a non-profit has already started, with a target date of January 2006 for spinning off the effort from the SSHRB.

Fiscal Impact

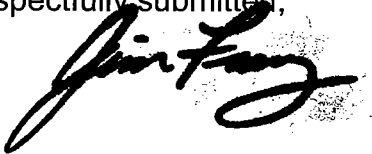
There is no impact on the General Fund. Funds to support the development of the Sister City relationship between Alameda and Wuxi, China come from private donations of cash and/or services. Approximately \$5,000 in cash and substantial in-kind contributions have been raised to date. As community interest in the Sister City project grows, it is anticipated

that additional funds will be raised to form the proposed non-profit organization and to finance various Sister City activities.


Recommendation

It is recommended that the City Council adopt a resolution recognizing the selection of the City of Wuxi, China as Alameda's Friendship City and Authorizing the Mayor to Sign a Memorandum of Understanding Regarding the Formulation and Implementation of Sister City Relations.

Respectfully submitted,



Jim Franz, SSHRB President



Stewart Chen, Sister City Workgroup Chair

JF/SC/CB:sb

Attachments

cc: Development Services Director
 Social Service Human Relations Board

G:SSHRB\WG\SisterCity\Wuxi\051705 Agenda Report
F:SSHRB\WG\SisterCity\Meetings&agendas
F:SSHRB\Council Relations\2005

Memorandum of Understanding Regarding the Formation and
Implementation of Sister City Relations between
Alameda, California, the United States of America and
Wuxi, Jiangsu, the People's Republic of China

At the invitation of the City of Alameda, California, USA, the Wuxi Friendship Delegation visited the City of Alameda, California in May 2005. During its visit, the representatives from the Wuxi Municipal People's Government and the Alameda City Council have, through friendly consultation, reached consensus on the establishment of Sister City relations, and hereby sign the following Memorandum of Understanding:

1. Based on the principle of equality and mutual benefit, common development and enhancement of mutual understanding and friendship, both parties will further promote mutual friendly visits between their people, actively carry out in-depth and extensive mutual friendship activities and work towards the goal of establishing formal Sister City relations.
2. Both parties agree to encourage the government, non-governmental organizations and enterprises, and the citizens of each city to conduct friendly exchanges, especially various exchanges and cooperation in the fields of economy and trade, science and technology and culture.
3. It is agreed by both cities that the Mayor and City Council of Alameda and its designees, including the Social Service Human Relations Board and a future non-profit entity, and the Foreign Affairs Office of Wuxi, representing Wuxi Municipal Government, are responsible for formulating and implementing the friendly exchange and cooperation programs between the two cities.
4. As for other matters not mentioned in this MOU, the two governments will decide upon them through friendly consultation in the spirit of mutual understanding.

This MOU is written in both English and Chinese in two duplicates. Both copies are equally authentic and are valid upon the signing by representatives of each party.

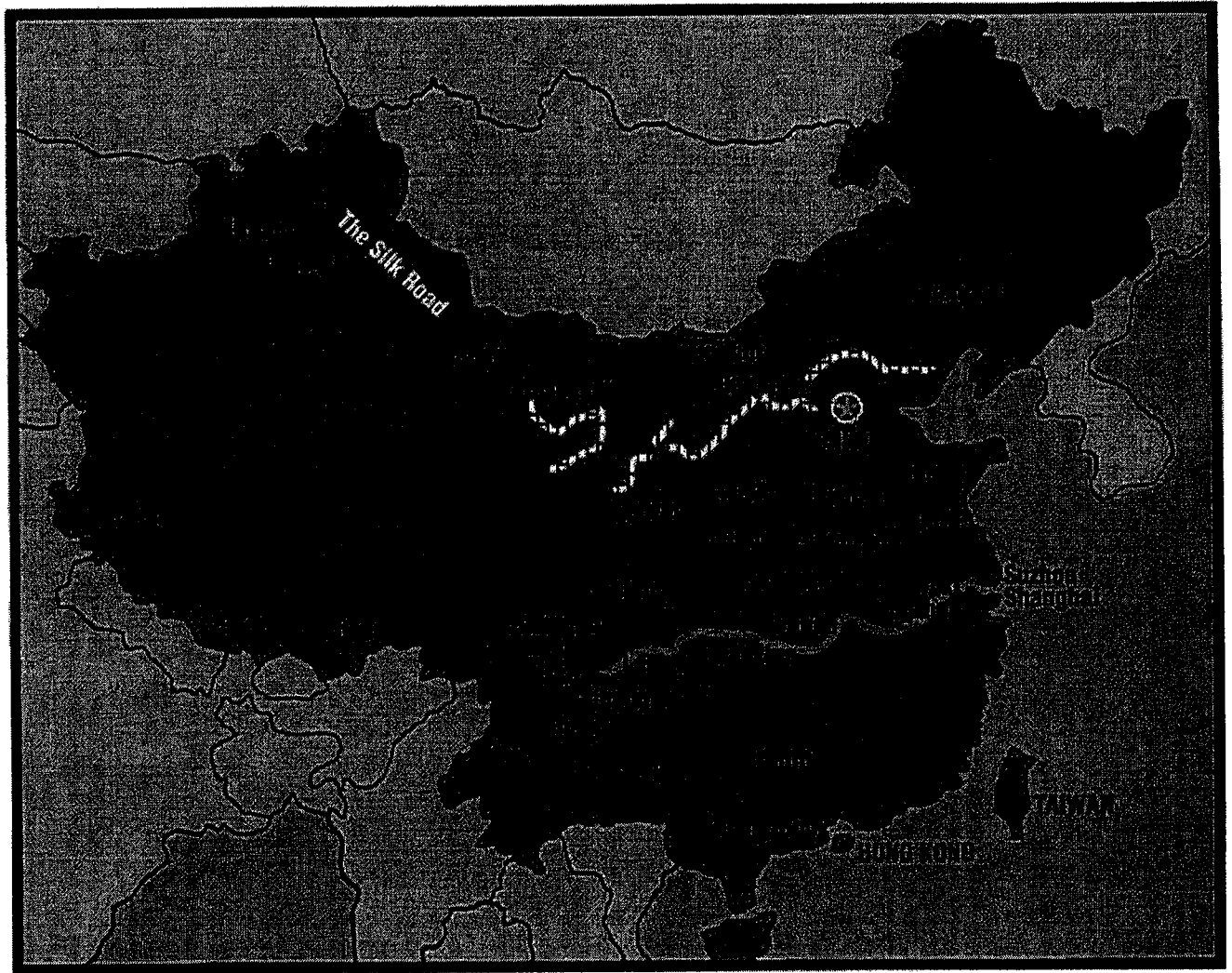
City of Alameda
United States of America
Date:

City of Wuxi
People's Republic of China
Date:

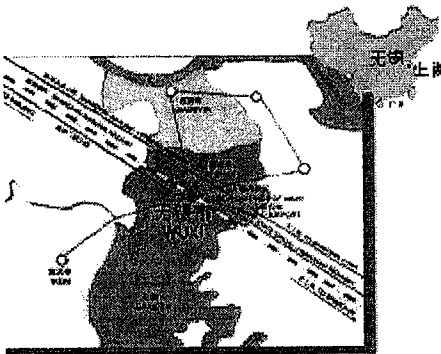
Approved as to Form
CITY ATTORNEY

By: 
Assistant City Attorney

A Quick Look at Wuxi, China



Geographic Location



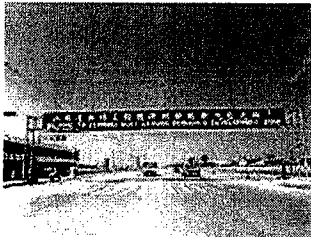
Wuxi lies in the central Yangtze River Delta on the southeast coast of China. It is 128km away from Shanghai to its east; it borders the Yangtze River to the north while embracing the Taihu Lake to the south. It is a coastal city of Jiangsu Province with a total population of 4.3 million including 1.06 million in its city proper. Wuxi covers an area of 4,650km² inclusive of 517.7 km² as the city centre's. Warm and humid, Wuxi has a congenial climate with four distinct seasons.

The annual temperature averages 15.5 C° and the average rainfall up to 1,000 millimetres. Wuxi boasts its local scenic highlights integrating the Yangtze River, the Grand Canal, the Taihu Lake, the Spring and a couple of karst caves. Here combined natural landscape and cultural sights form a delightful attraction and thus cultivate intelligent people. Wuxi is china's renowned tourist city luring over ten million domestic and international travellers annually.

The city plan, as is typical of many older Chinese cities, is of a central city with a roughly circular plan, crisscrossed with older canals, the main canal still seeing heavy barge traffic. Wuxi itself is on an alluvial plain of deep sedimentary deposits cut between limestone foothills, making it one of the sources for "scholar's rocks", the intricately weathered stones which were used as devices for contemplation. Wuxi ranges from a very hot summer to a chilly winter, having an average annual temperature of 18 °C, though it seldom sees snow. Because of its proximity to the East China Sea, it is has a monsoon season and receives 100 cm of rain annually.

Transportation

Wuxi is equipped with a complete transportation network and has turned out to be the transportation center of the area.



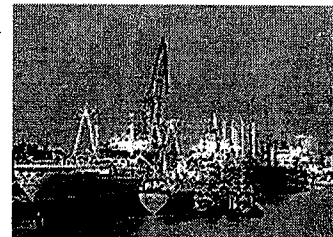
Airport--Wuxi has a local airport and the city is 110km from Shanghai International Airport.



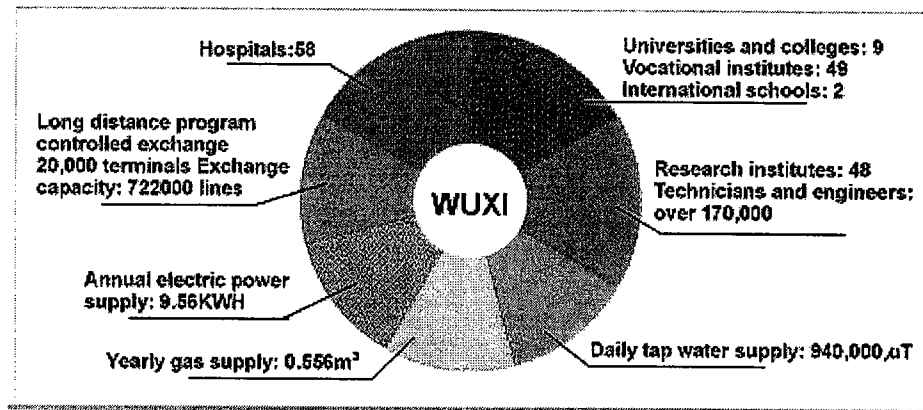
Highways--The Shanghai Nanjing Expressway and National Highway 312 traverse the city, joining Wuxi with Shanghai and Nanjing.

Railways--The Shanghai Nanjing Railway passes the inner city. Meanwhile, the Beijing Shanghai Expressrail which is being schemed will provide the city with improved accessibility.

Waterways--Being the very center of the water carriage system in southern Jiangsu, Wuxi is only 38km away from Huangtian harbor and 43km from Zhangjiagang Harbor, which handle shipment with more than 140 countries and regions in the world.



Superior Infrastructure



Economic Status

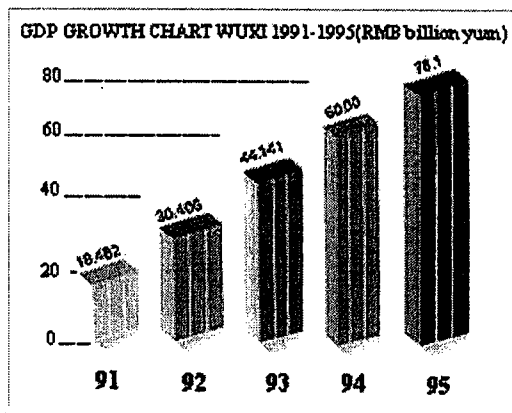
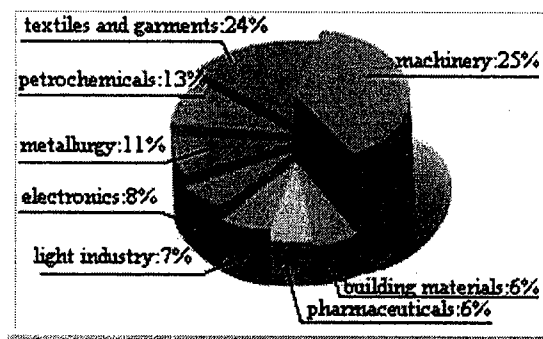
Wuxi is one of the origins of China's modern industry and is regarded as "Little Shanghai". Its economic status can be illustrated through the following data:

- One of the 14 top-grade cities of China
- One of the 40 cities with the best investment climate in China
- One of the 15 economic centres of China
- One of the 10 leading tourist cities

Currently Wuxi is designated an investment grade city, and has two large industrial parks devoted to new industry. While current manufacturing centers on textiles, there is a project to move to electric motor manufacturing and MRP software development.

According to most recent figures (2002) from the local government, 24% of economic activity is textile trade, and another 25% is industrial based manufacturing, including motors, molds and casting, with another 8% being light industry.

The GDP per capita was ¥37959 (ca. US\$4990) in 2003, ranked no. 11 among 659 Chinese cities.



Utilization of Foreign Capital

The ace investment climate and the best refund result in the influx of the foreign investors into the city. By the end of June, 1996, a total of 4,601 enterprises with foreign investment have been endorsed in the city of Wuxi. Thee overall amount of investment hits USD 13.6 billion and contracted foreign capital rose to USD 7.5 billion. The total sum of overseas capital duly absorbed has exceeded USD 3.74 billion. So far, 2,093 joint ventures, contractual ventures and wholly--owned enterprises have gone operational. These include 337 projects with a total investment amount exceeding USD10 million each. More than 50 MNCs have secured tenancy in Wuxi.

Foreign Trade and Foreign Economic Cooperation

Wuxi is one of the major export bases in China. These are over 2,000 industrial enterprises manufacturing export products, which cover 17 categories with a range of several thousand product items delivered to more than 130 countries and regions all over the world. In recent years, export businesses are continuously booming. The year 1995 witnessed the export volume up to RMB 47 billion. On the other hand, by the end of June, 1996, Wuxi has established 127 overseas subsidiaries in 26 countries and regions. In 1995, the turnover of international subcontracted projects reached USD 53.56 million and a total of 1039 expatriates were employed overseas.

Tourist Resources

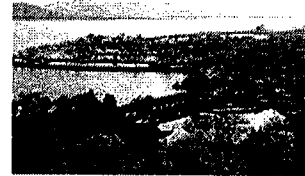


Turtle Head Islet

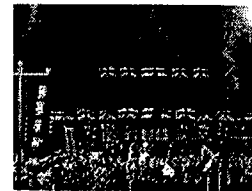


Lingshan Big
Statue

By nature endowed, Liyuan Dev. Zone has green hills, blue water, fresh air, fascinating scenery. As one of the eight biggest tourism cities in China. Wuxi has most of its scenic spots around the Dev. Zone. Plum Garden and Xihui Park are to the north of the Dev. Zone. To the west there are three isles and fairy island in Lake Tai. Going south you can reach Liyuan Park. Three kingdoms City, Tang Town, European City. The Wuxi 10,000-seat Sports Center and the city of overseas Chinese are to the east. A distinguished feature of Liyuan dev. Zone is the tinguished feature of Liyuan Dev. Zone is the aquatic products in Lake Tai. Well-kept fish ponds of more than 1000 mu are home to various fishes. Treasures of arquatic products ---"three whites" in Lake Tai (Whitefish, whiteshrimp and jade fish) are famous in the world 2000 tons of various acquatic products are provided annually.



Li Garden



Tang City



Luding Hill Park

Sister Cities International Mission Statement & Goals

Mission Statement

Promote peace through mutual respect, understanding, & cooperation - one individual, one community at a time.

Goals

Sister Cities International is a nonprofit citizen diplomacy network creating and strengthening partnerships between U.S. and international communities in an effort to increase global cooperation at the municipal level, to promote cultural understanding and to stimulate economic development. Sister Cities International leads the movement for local community development and volunteer action by motivating and empowering private citizens, municipal officials and business leaders to conduct long-term programs of mutual benefit.



- **Develop** municipal partnerships between U.S. cities, counties, and states and similar jurisdictions in other nations.
- **Provide** opportunities for city officials and citizens to experience and explore other cultures through long-term community partnerships.
- **Create** an atmosphere in which economic and community development can be implemented and strengthened.
- **Stimulate** environments through which communities will creatively learn, work, and solve problems together through reciprocal cultural, educational, municipal, business, professional and technical exchanges and projects.
- **Collaborate** with organizations in the United States and other countries which share similar goals.

CITY OF ALAMEDA RESOLUTION NO. _____

RECOGNIZING THE SELECTION OF THE CITY OF WUXI, CHINA AS ALAMEDA'S FRIENDSHIP CITY AND AUTHORIZING THE MAYOR TO SIGN A MEMORANDUM OF UNDERSTANDING REGARDING THE FORMULATION AND IMPLEMENTATION OF SISTER CITY RELATIONS

WHEREAS, the Alameda Social Service Human Relations Board initiated a project to revitalize and expand the Alameda Sister City Program to encourage friendship and understanding between the peoples of the United States and other nations through the medium of direct personal contact; and

WHEREAS, the people of the City of Alameda and its officials have enthusiastically endorsed the concept of forming friendship relations and affiliations with a foreign city with common concerns and mutual interests; and

WHEREAS, representatives of the City of Alameda have visited Wuxi, China and have exchanged correspondence with officials in Wuxi, China to learn more about the City of Wuxi and to determine support for said friendly relations; and

WHEREAS, the City of Wuxi, China has sent a delegation of government officials to the City of Alameda for the purpose of establishing said relations; and

WHEREAS, officials in both cities have indicated a sincere willingness to engage in programs which will be beneficial to their peoples, particularly in the development of business, cultural and social ties and in the development of an exchange program between the two cities; and

WHEREAS, the City Council of the City of Alameda does recognize and endorse said program with the hope that it will lead to a lasting friendship between the peoples of Alameda and Wuxi, China;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ALAMEDA on behalf of the people of Alameda that the City enter into a Friendship City affiliation with the government and people of Wuxi, China for the purpose of creating goodwill and understanding between the peoples of our cities and our two great nations and working towards the establishment of Sister City ties; and

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF ALAMEDA that the Mayor is hereby authorized to sign a Memorandum of Understanding regarding the formulation and implementation of Sister City relations; and

BE IT FURTHER RESOLVED, that a fully executed and suitably inscribed copy of this Resolution be presented to the Mayor of Wuxi, China and that another copy be appropriately displayed in the Alameda City Hall.

* * * * *

Resolution #5-A
5-17-05

Approved as to Form
Paula L. Leland
CITY ATTORNEY

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the City Council of the City of Alameda at a _____ meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City Council this _____ day of _____, 2005.

Lara W. Weisiger, City Clerk

☐

City of Alameda

Memorandum

Date: May 11, 2005

To: Honorable Mayor and Councilmembers

From: William C. Norton
Acting City Manager

Re: Adoption of Resolution Declaring Support for Measure A, Alameda Unified School District Parcel Tax

Background

On September 19, 2001, the City Council adopted a resolution declaring support for Measure A, an Alameda Unified School District (AUSD) parcel tax.

On November 6, 2001, Alameda voters approved Measure A. The proceeds of the \$109 per year per taxable parcel have been used to retain and recruit quality teachers and staff, prevent further reductions in core educational programs, and prevent further reductions in student services such as counseling and athletics. This parcel tax expires on June 30, 2007.

On February 22, 2005, the AUSD Board of Education voted to place Measure A, a \$189 per year parcel tax, on the June 7, 2005 ballot to provide local funding to AUSD. If approved by two thirds of the voters, the special tax of \$189 will be collected instead of the current tax of \$109 commencing on July 1, 2005. The new parcel tax will then continue past the current tax's expiration and will expire on June 30, 2012.

Discussion

Of the 18 school districts in Alameda County, Alameda schools are near the bottom of list in terms of what is received from the State for education funding. Continuing reductions in this State funding have required AUSD to make severe cuts to maintain a balanced budget. Examples of the reductions include laying off of school librarians, special education teachers, and high school counselors.

Proceeds from Measure A will prevent the elimination of teaching positions; prevent the elimination of special programs such as music, art, physical education; support the continuation of student services such as librarians, and prevent class size increases.

Measure A provides an exemption for properties owned and occupied by persons 65 years of age or older. The measure also establishes an Independent Fiscal Oversight

Committee in order to ensure that all funds are spent responsibly and according to the proposal placed before the voters.

Fiscal Impact

None.

Recommendation

It is recommended that the City Council, by motion, adopt a resolution declaring support for Measure A, the Alameda Unified School District parcel tax measure.

Respectfully submitted,


William C. Norton
Acting City Manager

WCN:cj

Attachment

ALAMEDA UNIFIED SCHOOL DISTRICT MEASURE A

A **MEASURE A:** To improve education in Alameda schools, retain experienced teachers and attract new qualified teachers, retain teaching specialists in reading, math and science, preserve educational programs in music and art and to maintain small class sizes, shall Alameda City Unified School District replace its existing \$109 parcel tax with a \$189 yearly tax for seven years, providing for an exemption for senior citizens, no money for administrators, and with all money to benefit local Alameda schools?

YES**NO****COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE A**

Measure A, an Alameda Unified School District ("the District") special parcel tax measure; seeks voter approval to authorize the District to levy a special parcel tax in the amount of \$189 dollars per year on each parcel of taxable real property in the District for seven years, commencing on July 1, 2005, for the purposes set forth in the measure.

A school district, following notice and public hearings, has the authority to levy special taxes upon approval by two-thirds of the votes cast on the special tax proposal pursuant to Section 4 of Article XIII A of the California Constitution and sections 50075-77, 50079, and 53722 *et seq.* of the California Government Code.

The District currently collects a qualified special tax of \$109 per year per taxable parcel; this tax will expire on June 30, 2007. If two-thirds of the qualified electors voting on this measure vote for approval, the special tax of \$189 will be collected instead of \$109 commencing on July 1, 2005, and the tax will continue beyond the current tax's expiration and will expire on June 30, 2012.

If approved, these tax funds could only be used by the District for the purposes set forth in the measure, which include the prevention of the elimination of teaching positions, of programs in music, the arts and physical education, and of teaching specialists in reading, math and science.

An exemption from the tax will be made to property owners 65 years of age or older upon annual application to the District. The tax will be collected by the Alameda County Treasurer-Tax collector at the same time and in the same manner as ad valorem property taxes are collected.

If less than two-thirds of the qualified electors voting on this measure vote for approval, the measure will fail and the District will not be authorized to levy the special tax as proposed by this measure.

s/RICHARD E. WINNIE
County Counsel

ARGUMENT IN FAVOR OF MEASURE A

Of the 18 school districts in Alameda County, Alameda schools receive among the lowest amounts of state education funding. Several school districts receive \$1,000 more per student per year than Alameda schools receive.

Continuing and dramatic reductions in state education funding have forced the district to make severe cuts just to maintain a balanced budget. The district has had to increase class sizes and to layoff school librarians, special education teachers and high school counselors. The outlook for next year is even worse; the latest round of state funding cuts will cost Alameda schools approximately \$2.4 million.

Without Measure A, teachers and reading specialists will be laid off; critical educational programs in music, art and physical education will be eliminated and schools will be closed.

The Alameda Board of Education has placed Measure A on the June 7th ballot to provide local funding for Alameda schools. Measure A is a temporary, \$80 annual increase in existing homeowner assessments. No Measure A revenue will be spent on administration or administrator salaries. Measure A funds will only be spent to prevent teacher layoffs and to preserve the most essential education programs.

The state cannot take this money away; every penny will stay in Alameda to benefit Alameda schools. Homeowners aged 65 or older are eligible for an exemption from Measure A.

Measure A will:

- Prevent teacher layoffs and keep quality teachers in our community
- Keep teaching specialist positions in reading, math and science
- Assure adequate training for teachers supporting children with special needs
- Support music, art and other classes

An independent Citizens' Oversight Committee will monitor Measure A expenditures and ensure that all Measure A funds are spent on our community's most critical education needs.

Teachers, parents, business leaders, seniors, and community leaders support Measure A.

Please vote YES on Measure A.

s/C. RICHARD BARTALINI

Judge, Superior Court, Retired

s/DENNIS G. PAGONES

Business Owner

s/WILLIAM D. SONNEMAN

Principal Encinal High School

s/GLENDA McDOWELL

Teacher, President Alameda Education Association

s/RONALD MOONEY

Parent

NO ARGUMENT AGAINST MEASURE A WAS SUBMITTED.

FULL TEXT OF MEASURE A

"To improve education in Alameda schools, retain experienced teachers and attract new qualified teachers, retain teaching specialists in reading, math and science, preserve educational programs in music and art and to maintain small class sizes, shall Alameda City Unified School District replace its existing \$109 parcel tax with a \$189 yearly tax for seven years, providing for an exemption for senior citizens, no money for administrators, and with all money to benefit local Alameda schools, by:

- (a) preventing the elimination of teaching positions;
- (b) preventing the elimination of many classes, and programs in music, the arts and; physical education;
- (c) preventing the elimination of teaching specialists in the area of reading, math and science;
- (d) supporting the ability of the District to attract and retain the best and most experienced teachers;
- (e) preventing the reduction of the number of teachers who are trained to support children with special needs;
- (f) supporting the continuation of student support services such as librarians;
- (g) preventing class size increase for all students at each of the District's schools;
- (h) supporting the maintenance of existing educational programs at current levels.

An exemption shall be granted for any parcel owned and occupied as a principal residence by one or more persons 65 years of age, upon completion of an annual application for exemption.

To ensure additional accountability, an independent volunteer community oversight committee shall be appointed by the Board of Education to oversee all expenditures funded by the measure to ensure that said funds are spent wisely and used only for purposes approved by the voters. This volunteer citizens' committee shall monitor the expenditures of these funds by the District and shall report on an annual basis to the community on how these funds have been spent.

A parcel is defined as a unit of land in the District which now receives a separate tax bill from the Alameda County Assessor's Office. All property which would otherwise be exempt from property taxes also will be exempt from the special tax."

CITY OF ALAMEDA RESOLUTION NO. _____

DECLARING SUPPORT FOR MEASURE A, ALAMEDA UNIFIED SCHOOL DISTRICT
PARCEL TAX MEASURE

Approved as to Form

CITY ATTORNEY

WHEREAS, children need the support of schools and educational programs in order to thrive; and

WHEREAS, the Alameda Unified School District ("District") has been forced to eliminate and curtail essential educational services and risks losing experienced teachers due to inadequate funding from the State due to changes in state education funding; and

WHEREAS, the District currently collects a qualified special tax of \$109 per year, per taxable parcel which will expire on June 30, 2007; and

WHEREAS, a District budget committee has concluded that the District must seek additional sources of revenue in order to continue meeting students' basic educational needs by attracting and retaining highly qualified teachers, maintaining small class sizes, providing well trained librarians, computers and to prevent the further reduction of the District's maintenance budget; and

WHEREAS, Measure A, a tax in the amount of \$189 per year per taxable parcel, has been placed on the June 7, 2005 ballot by the AUSD Board of Education to provide local funding to AUSD for a limited seven year period; and

WHEREAS, proceeds from the parcel tax will be used only for the purposes of retaining and recruiting quality teachers and staff, preventing further reductions in core educational programs, and preventing further reductions in student services such as counseling and athletics; and

WHEREAS, the measure provides an exemption for persons 65 years or older; and

WHEREAS, the use of any local funds raised by such a qualified special tax shall be reviewed annually by an Independent Fiscal Oversight Committee in order to ensure that all funds are spent responsibly and according to the proposal placed before the voters; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Alameda, in keeping with the principle of improving the quality of life for children and youth in Alameda, does hereby endorse Measure A, the Alameda Unified School District parcel tax measure.

* * * * *

Resolution #5-B
5-17-05

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this _____ day of _____, 2005.

Lara Weisiger, City Clerk
City of Alameda

CITY OF ALAMEDA

Memorandum

Date: May 5, 2005

To: Honorable Mayor and Councilmembers

From: William C. Norton
Acting City Manager

Re: Public Hearing to Establish Proposition 4 Limit (Appropriations Limit) for Fiscal Year 2005-06; and Adoption of Resolution Establishing Appropriations Limit for Fiscal Year 2005-06

BACKGROUND

Proposition 4, commonly known as the Gann Initiative, was approved by the California electorate in November 1979. Fundamentally, the purpose of the constitutional provisions and the implementing legislation is to restrict growth of tax-funded programs and services by limiting the appropriations of the proceeds of taxes to the 1978-79 base year limit, adjusted annually for changes in the population and inflation. Proceeds of taxes in excess of the limit, with limited exceptions, must be returned to the taxpayers within two years by refund or reduction in tax rates unless extension of the limit is approved by majority popular vote.

Proceeds of taxes include (1) all tax revenues, (2) proceeds from licenses and user fees to the extent that such fees exceed costs of providing services, (3) interest earnings from investment of tax revenues, and (4) discretionary state subventions. All other revenues, i.e. federal funds, enterprise fund revenues, and user fees that do not exceed the cost of providing services are excluded from the limit.

The voters approved Proposition 111 in June 1990. This proposition allows for new adjustment formulas for the required appropriations limit that are more responsive to local growth issues. The proposition also requires review by an independent auditor in conjunction with the annual financial report of the limit calculations.

The significant changes to the original Article XIIIB (Proposition 4) and its implementing legislation (Chapter 1205/80) as modified by Proposition 111 and SB 88 (Chapter 60/90) are as follows:

- A. Beginning with the 1990-91 Appropriations Limit, the annual adjustment factors changed. Instead of using the lesser of the California Per Capita Income or U.S. CPI to measure inflation, each city may choose:
 - a. Growth in the California Per Capita Personal Income *or*

- b. Growth in the non-residential assessed valuation due to new construction within the city.
- B. Additionally, instead of using only the population growth of the city, each city may choose to use the population growth within its county.

These changes in population and inflation are both annual elections.

DISCUSSION

The revised annual adjustment factors have been applied to arrive at Alameda's 2005-06 Limit. The following exhibits detailing the adjustment factors are attached:

1. Exhibit A: adjustment factors for calculation of the City's Annual Appropriations Limit
2. Exhibit B: revenue sources and estimated proceeds from taxes for 2005-06
3. Exhibit C: State Department of Finance January 1, 2005 Population Estimates for cities within Alameda County.

BUDGET/FISCAL IMPACT

The City's estimated proceeds of taxes constitute approximately 65.45% of the limit. The City's population posted a growth of 0.17% over the prior year while the County posted a growth of 0.70%. Personal per capita income percentage change over last year was 5.26%. These factors (County population change and personal per capita income change) were used to compute the Appropriations Limit for 2005-06.

RECOMMENDATION

The Acting City Manager recommends that the City Council adopt a resolution to establish the appropriations limit for fiscal year 2005-06 in the amount of \$71,129,092.

Respectfully submitted,

William C. Norton
Acting City Manager


By: Juella-Ann Boyer
Chief Financial Officer

JB:dl

Attachments (3)

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**CITY OF ALAMEDA
ANNUAL APPROPRIATIONS LIMIT CALCULATIONS**

Fiscal Year	Original Appropriations Limit	Adjusted Appropriations Limit	Population Increase Within City	Population Increase Within County	Per Capita Income Increase
1985-86	\$25,964,962				
1986-87	27,125,274	\$27,125,274	2.12%	2.26%	2.30%
1987-88	28,380,866	28,442,612	1.12%	1.34%	3.47%
1988-89	29,843,020	30,217,535	0.47%	1.51%	4.66%
1989-90	31,960,066	32,361,149	1.81%	1.35%	5.19%
1990-91	33,658,624	34,182,194	1.06%	1.36%	4.21%
1991-92	36,804,086	36,804,086	3.39%	1.48%	4.14%
1992-93		37,307,224	2.02%	1.58%	-0.64%
1993-94		39,111,414	2.06%	1.55%	2.72%
1994-95		39,798,751	1.04%	0.97%	0.71%
1995-96		42,206,554	0.14%	1.27%	4.72%
1996-97		44,553,109	0.34%	0.85%	4.67%
1997-98		47,445,167	1.74%	1.74%	4.67%
1998-99		50,476,545	-1.32%	2.15%	4.15%
1999-00		53,501,816	0.60%	1.40%	4.53%
2000-01		56,734,946	0.12%	1.08%	4.91%
2001-02		62,254,356	1.77%	1.62%	7.82%
2002-03		62,459,439	1.25%	1.62%	-1.27%
2003-04		64,509,323	0.95%	0.82%	2.31%
2004-05		67,104,930	0.48%	0.72%	3.28%
2005-06		71,129,092	0.17%	0.70%	5.26%

Fiscal Year	Adjusted Appropriations Limit	Estimated Proceeds of Taxes	Taxes as a Percentage of Limit
1986-87	\$27,125,274	\$19,150,006	70.60%
1987-88	28,442,612	21,171,824	74.44%
1988-89	30,275,280	22,237,185	73.45%
1989-90	32,422,989	23,980,762	73.96%
1990-91	34,247,514	26,248,017	76.64%
1991-92	36,874,417	28,129,049	76.28%
1992-93	37,307,224	29,585,533	79.30%
1993-94	39,111,414	29,674,315	75.87%
1994-95	39,798,751	29,692,284	74.61%
1995-96	42,206,554	31,586,117	74.84%
1996-97	44,553,109	32,343,115	72.59%
1997-98	47,445,167	32,390,148	68.27%
1998-99	50,476,545	34,936,993	69.21%
1999-00	53,501,816	37,799,889	70.65%
2000-01	56,734,946	40,451,148	71.30%
2001-02	62,254,356	42,282,136	67.92%
2002-03	62,459,439	44,457,196	71.18%
2003-04	64,509,323	42,485,083	65.86%
2004-05	67,104,930	40,953,416	61.03%
2005-06	71,129,092	46,552,735	65.45%

PROP 4 CALCULATION - CITY OF ALAMEDA - FISCAL 2006-06

REVENUE SOURCES	PROCEEDS FROM TAXES	NON PROCEEDS OF TAXES	
PROPERTY TAXES			
GENERAL	\$16,032,780		
FRANCHISES			
ALAMEDA POWER & TELECOM		605,000	
CABLE		365,000	
PG&E		200,000	
GARBAGE		1,789,898	
TAXI		1,678	
PROPERTY TRANSFER TAX	5,080,000		
SALES TAX	5,791,607	550,000	
Triple Flip Subsidy		1,297,960	
TRANSIENT OCCUPANCY TAX	740,000		
UTILITY USERS TAX	7,939,000		
LICENSES			
BICYCLE		500	
BUSINESS	1,465,300		
CONSTRUCTION IMPROVEMENT TAX	550,000 *		
PERMITS			
FIRE CODE		60,000 *	
BUILDING		1,050,000	
PLUMBING		165,000	
ELECTRICAL		160,000	
CONCRETE		0	
ENCROACHMENT		4,000	
TAXI PERMITS		1,200	
PERMIT TRACKING		118,600	
MISCELLANEOUS PERMITS		201,028	
FINES & FORFEITURES			
FINES		538,075	
TRAFFIC SCHOOL FEES		70,000	
GOLF SURCHARGE	351,691		
MOTOR VEHICLE IN LIEU	5,109,573		
ALLOCATION - ABANDONED VEHICLE SURCHARGE		109,164 *	
PAYMENT IN LIEU OF TAXES	2,127,739		
CONTRIBUTIONS FROM OTHER FUNDS			
COUNTY ALS REIMBURSEMENT		0	
POST		84,328	
BOOKING FEES		200,000	
STATE/LOCAL GRANTS		23,886	
STATE HIGHWAY MAINTENANCE		44,200	
DONATIONS		109,050	
TRANSFERS IN		6,387,083	
REVENUE FROM CURRENT SERVICES		7,648,216	
MANDATED COSTS REIMBURSEMENTS		200,000	
RENTS		102,200	
CONCESSIONS		900	
HOUSING AUTHORITY IN LIEU FEES	210,000	0	
	<u>\$45,397,690</u>	<u>\$22,086,966</u>	\$67,484,656
AS A PERCENT OF TOTAL	67.27%	32.73%	
INVESTMENT INCOME	<u>\$1,155,045</u>	<u>\$561,955</u>	<u>\$1,717,000</u>
	<u>\$46,552,735</u>	<u>\$22,648,921</u>	<u>\$69,201,656</u>

*Special Fund

Enclosure II
 Annual Percent Change in Population Minus Exclusions (*)
 January 1, 2004 to January 1, 2005 and Total Population, January 1, 2005

County City	Percent Change 2004-2005	-- Population Minus Exclusions --		Total Population
		1-1-04	1-1-05	1-1-2005
ALAMEDA				
ALAMEDA	0.17	72,961	73,086	74,581
ALBANY	0.20	16,710	16,743	16,743
BERKELEY	0.31	104,210	104,534	104,534
DUBLIN	4.64	36,174	37,852	39,931
EMERYVILLE	7.83	7,661	8,261	8,261
FREMONT	0.72	208,931	210,445	210,445
HAYWARD	1.03	144,533	146,027	146,027
LIVERMORE	2.81	78,517	80,723	80,723
NEWARK	-0.03	43,721	43,708	43,708
OAKLAND	0.24	411,319	412,318	412,318
PIEDMONT	-0.03	11,058	11,055	11,055
PLEASANTON	0.82	67,102	67,650	67,650
SAN LEANDRO	0.01	81,432	81,442	81,442
UNION CITY	0.78	70,139	70,685	70,685
UNINCORPORATED	0.31	138,973	139,397	139,397
COUNTY TOTAL	0.70	1,493,441	1,503,926	1,507,500

(*) Exclusions include residents on federal military installations and group quarters residents in state mental institutions and state and federal correctional institutions.

CITY OF ALAMEDA RESOLUTION NO. _____

ESTABLISHING APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2005-06

WHEREAS, pursuant to Article XIIIB of the Constitution of the State of California, the City Council of the City of Alameda is required to establish an "Appropriations Limit" for fiscal year 1997-98; and

WHEREAS, the Appropriations Limit has been determined in accordance with uniform guidelines for Article XIIIB of the California Constitution; and

WHEREAS, the voters approved Proposition 111 in June, 1990, which allows for new adjustment formulas for the appropriations limit calculation that is responsive to local growth issues.

The adjustment factors used to arrive at the 2005-06 limit are as follows:

1990-91	County Population increase of 1.36%; CPI of 4.21%
1991-92	City Population increase of 3.39%; CPI 4.14%
1992-93	City Population increase of 2.02%; CPI of -0.64%
1993-94	City Population increase of 2.06%; CPI of 2.72%
1994-95	City Population increase of 1.04%; CPI of 0.71%
1995-96	County Population increase of 1.27%; CPI of 4.72%
1996-97	County Population increase of 0.85%; CPI of 4.67%
1997-98	City Population increase of 1.74%; Per Capita Personal Income 4.67%
1998-99	County Population increase of 2.15%; Per Capita Personal Income 4.15%
1999-00	County Population increase of 1.40%, Per Capita Personal Income 4.53%
2000-01	County Population increase of 1.08%, Per Capital Personal Income 4.91%
2001-02	City Population increase of 1.77%, Per Capita Personal Income change of 7.82%
2002-03	County Population increase of 1.62%, Per Capita Personal Income change of -1.27%

Resolution #5-C
5-17-05

Approved as to Form

CITY ATTORNEY

2003-04	City Population increase of 0.95%, Per Capita Personal Income change of 2.31%
2004-05	County Population increase of 0.72%, Per Capita Personal Income change of 3.28%
2005-06	County Population increase of 0.70%, Per Capita Personal Income change of 5.26%

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Alameda that said Council hereby establishes the Appropriations Limit in the amount of \$71,192,092 for fiscal year 2005-06.

* * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this ____ day of _____, 2005.

Lara Weisiger, City Clerk
City of Alameda

CITY OF ALAMEDA

Memorandum

Date: May 4, 2005

To: Honorable Mayor and Councilmembers

From: William C. Norton
Acting City Manager

Re: Public Hearing to Consider Collection of Delinquent Business License Fees
Via the Property Tax Bills

BACKGROUND

The Alameda Municipal Code Section 5-7.2 provides for the collection of delinquent business license fees and charges via the property tax bill. In order for this assessment to be valid, it must satisfy the basic requirements of due process. The owners must be given fair and adequate notice regarding the assessment and an opportunity for a hearing.

DISCUSSION/ANALYSIS

The Finance Department continually pursues collection of business license tax from owners and/or managers of commercial and multi-family residential rental properties with no current business licenses. Although the Business License Ordinance states that a notice or bill is not required, property owners are notified by mail using the last mailing address shown in the County tax records and are given ample time to respond prior to sending the final notices. This year the final notices were mailed on April 20, 2005. There were originally 46 rental properties identified as not having current licenses. The attached list is now down to 27 parcels.

The Finance Department has general information flyers in addition to copies of the Business License Ordinance that are mailed to anyone who requests information regarding business licensing.

BUDGET/FISCAL IMPACT

Business license fees are due and payable on July 1st of each year and are deemed delinquent if not paid by July 31st of each year.

Ten percent penalty is imposed for every month the fee is delinquent up to a maximum of 60% of the annual fee. The total late charge included in the amount due as shown in the attached list is \$4,109.06.

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**Re: Public Hearing 5-D
5-17-05**

Honorable Mayor and
Councilmembers

May 4, 2005
Page 2 of 2

RECOMMENDATION

The City Manager recommends that the City Council authorize collection of delinquent business license fees via the property tax bills.

Respectfully submitted,

William C. Norton
Acting City Manager


By: Juelle-Ann Boyer
Chief Financial Officer

JB:dl

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Attachment

2005 Business License Attachments

Count	B/L #	Parcel #	Owner's Name	Location	License Fee		License Fee+
					Amount Due	Late Charge	
1	1014523	69-97-1	Kevin Daum/Stratford Financial Services	3100	Lincoln Avenue	0.00	260.06
2	1023137	72-346-10	Lillie Real Properties LLC	1529	Morton Street	240.00	144.00
3	1012987	69-109-106	Jay Yaksic/Fashion After Passion	3255	Bayo Vista Avenue	200.00	574.00
4	1027480	73-387-8	Denny Nguyen-Denny's Handyman Service	1033	Lincoln Avenue	134.00	80.40
5	1028301	73-387-8	Denny Nguyen-Rental at 1033 Lincoln	1033	Lincoln Avenue	80.00	48.00
6	1013665	71-255-8	Huonganh P. Silver/SOS Urethane Foam Roofing	1911	Willow Street	538.00	322.80
7	1010476	70-169-48	Nick R. Santos/N & I Enterprises	2517	Webb Avenue #A	412.00	247.20
8	N/A	70-169-48	Nick R. Santos/Rental at 2517 Webb	2517	Webb Avenue #A	160.00	96.00
9	1008620	74-1230-57-1	John M. Doherty	1617	Central Avenue	120.00	72.00
10	N/A	70-182-44	Cahn M. Du	1076	Park Avenue	80.00	48.00
11	N/A	74-473-2	Thomas E. Mantooth	215	Pacific Avenue	320.00	192.00
12	N/A	73-391-27	Jack D. Woods	1034	Santa Clara Avenue	160.00	96.00
13	N/A	73-414-24	Diane Pixley	748	Pacific Avenue	140.00	84.00
14	1015079	72-347-13	Gregory L. Beattie	1509	Benton Street	160.00	202.00
15	1029795	72-316-3-1	Hugh S. Winslow	1610	Central Avenue	220.00	100.00
16	N/A	70-196-38	Clifford E. & Denise Mapes	2705	Fernside Blvd.	0.00	72.00
17	1004813	74-451-1-5	The Atlantic Apartments	1825	Poggi Street	0.00	370.00
18	1004004	73-382-15	Jesse James Jr.	939	Buena Vista Avenue	200.00	120.00
19	1003945	74-1225-2	John W. Clark Jr.	842	Cedar Street	300.00	180.00
20	1003882	71-269-10	John W. Clark Jr.	1901	Clinton Avenue	420.00	252.00
21	1005206	71-272-3	Pat H. Barni	911	Lafayette Street	0.00	128.00
22	N/A	70-171-7	Eric F. & Marie Kayler	2528	Central Avenue	160.00	96.00
23	N/A	70-153-13	Douglas & Diane Lewis	1345	Versailles Avenue	160.00	96.00
24	N/A	71-234-26	Yuan Tian	1514	Willow Street	80.00	48.00
25	N/A	71-232-16	Yuan Tian	2139	Pacific Avenue	120.00	72.00
26	N/A	69-76-53	Robert D. & Susann K. Nicol	3264	Briggs Avenue	80.00	48.00
27	N/A	73-426-2	William L. Berg/Sophie Soltani	745	Buena Vista Avenue	101.00	60.60
				Total:		4,585.00	4,109.06
							8,694.06

City of Alameda

Memorandum

DATE: May 5, 2005

TO: Honorable Mayor and Councilmembers

FROM: William C. Norton
Acting City Manager

RE: Public Hearing to consider an Appeal of the Historical Advisory Board's approval of a Landscaping Plan for planting two Coast Live Oak trees on the vacant property at 301 Spruce Street. The submittal of a Landscaping Plan, as part of new development proposals on the site, was required by the Historical Advisory Board as a condition for the removal of one Coast Live Oak tree in 2001. The site is located at 301 Spruce Street within the R-4, Neighborhood Residential Zoning District. Applicant: Bill Wong for Hai Ky Lam/Appellant: Patrick Lynch and Jeanne Nader.

BACKGROUND

301 Spruce Street is a vacant lot located at the corner of Spruce and Third streets in the West Alameda neighborhood. In 2001, the Historical Advisory Board (HAB) gave approval (Certificate of Approval no: CA01-08) to remove one oak tree that was damaged by a previous property owner. As a condition of approval, the Board required the installation of two Coast Live Oaks to replace the damaged tree. Furthermore, the Board required future proposals for development on the site to include a landscaping plan for the placement of the two new trees. Patrick Lynch and Jeanne Nader of adjacent 305 Spruce Street appealed the Board's decision to the Council, but the Council denied the appeal after finding no merit in the basis of appeal. The property changed ownership in 2004, and the current owners have submitted a Design Review proposal for the construction of one single-family dwelling. In compliance with the 2001 condition of approval, the property owners have submitted a landscaping plan to the HAB for review and approval. The Board approved the landscaping plan for the placement of the two new Coast Live Oaks during the April 7, 2005 hearing.

DISCUSSION/ANALYSIS

Mr. Lynch and Ms. Nader of 305 Spruce Street are appealing the HAB's approval of the Landscaping Plan (Attachment 2 – Petition for Appeal). The bases of appeal are highlighted in bold followed by Staff discussion:

- 1. The HAB's review and approval of the Landscaping Plan is not exempt from the California Environmental Quality Act (CEQA).**

The HAB's action on April 7, 2005 is limited to the review of the Landscaping Plan for the

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**Re: Public Hearing and
Reso 5-E
5-17-05**

placement of the two new Coast Live Oaks, as required by condition of approval in Resolution HAB01-08 from 2001. According to CEQA Guidelines Section 15304(b) - New Landscaping, the installation of landscaping and planting of two new trees are exempt from CEQA's environmental review process.

2. The proposed new construction may adversely impact the two existing Coast Live Oaks and, therefore, the Design Review process should not be exempt from CEQA.

Parallel to the HAB's review of the landscaping plan is a Design Review application for a new single family dwelling currently under review by Staff. The proposed new construction and the CEQA determination for the Design Review do not fall within the HAB's purview. Therefore, the appellants cannot appeal the HAB's decision on the basis that the Design Review should not be exempt from CEQA. The protection of Coast Live Oaks in Alameda is a local regulation that reflects the City's desire to preserve these trees, but because Coast Live Oaks are not an endangered species extensive environmental assessment is not required under CEQA.

Staff will continue to coordinate with the appellants and the property owners to ensure that the design will be compatible with the oak trees. The appellants were provided opportunities to address the concerns of the proposed single-family house. Several arborist reports and recommendations have been requested by Staff to identify necessary measures to protect the existing trees during construction. Since the HAB hearing on April 7, 2005, the applicants have revised the landscaping plan to locate the building further away from the trees; the latest plan shows a minimum thirteen-foot setback from the existing trees. Furthermore, the conditions of approval for the Design Review approval will require protection of the existing trees and recordation of a Landscape Maintenance Agreement to ensure proper maintenance of the new and existing trees on the property. The appellants will also be notified of actions taken by Staff on the Design Review, which may be appealed to the Planning Board.

ALAMEDA MUNICIPAL CODE/POLICY DOCUMENT REFERENCE

Actions taken on this item would not affect or deviate from any local Codes, Regulations, and Policies.

BUDGET CONSIDERATIONS/ FISCAL IMPACT

There will be no additional funding in the Planning & Building Department budget necessary relating to Planning activities for this project.

RECOMMENDATION

The City Manager recommends that the City Council conduct a public hearing, review all pertinent testimony and information then act to uphold the Historical Advisory Board's approval of the

Honorable Mayor and
Councilmembers

May 5, 2005
Page 3

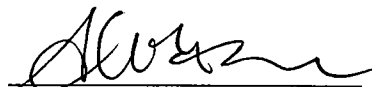
Landscaping Plan by adopting the draft City Council Resolution included in the agenda packet.
Should the City Council take no action, the decision of the Historical Advisory Board stands.

Respectfully submitted,



Jerry Cormack
Interim Planning Director

By:



Allen Tai
Planner III

ATTACHMENTS:

1. Historical Advisory Board Staff Report, April 7, 2005 (with attachments).
2. Petition for Appeal, April 15, 2005 (with attachments).
3. Draft Minutes of April 7, 2005 Historical Advisory Board hearing.

cc: Chair McPherson, Historical Advisory Board
Hai Ky Lam, Property Owner of 301 Spruce Street
Ivan Chiu/Bill Wong, Applicant
Patrick Lynch and Jeanne Nader, Appellant

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**CITY OF ALAMEDA
PLANNING AND BUILDING DEPARTMENT**

STAFF REPORT

ITEM NO.: 2

APPLICATION: **Review of Certificate of Approval CA01-08 – Bill Wong/Ivan Chiu for Hai Ky Lam – 301 Spruce Street.** A review of the Landscaping Plan for planting two Coast Live Oak trees (*Quercus agrifolia*) on the vacant property at 301 Spruce Street. The submittal of a Landscaping Plan, as part of new development proposals on the site, was required as a Condition of Approval by the Historical Advisory Board under Resolution HAB 01-08, which approved the removal of one Coast Live Oak tree in 2001. The site is located within an R-4 Neighborhood Residential District.

GENERAL PLAN: Medium Density Residential

ENVIRONMENTAL DETERMINATION: Categorically Exempt from State CEQA Guidelines, Section 15304(b) - New Landscaping

STAFF PLANNER: Allen Tai, Planner III

RECOMMENDATION: Staff recommends approval; specify any additional conditions.

ACRONYMS: AMC – Alameda Municipal Code

ATTACHMENTS:

1. Draft Resolution
2. Landscape Plan dated March 23, 2005
3. Certified Arborist Report October 17, 2004 with recommendations for protecting existing oak trees
4. Previous Arborist Report dated June 15, 2001
5. HAB-01-08 Resolution 2001

I. BACKGROUND/EXISTING CONDITIONS

301 Spruce Street is a vacant parcel located at the northeast corner of Third and Spruce Streets. The size of the parcel is 5,000 square-feet (50'0" wide by 100'0" deep). No development ever occurred on the property. Recent project records indicate that the property had four large trees including three Coast Live Oaks and one Pine tree. The four trees included:

- A) a 26" diameter Coast Live Oak that was located near the rear of the property; (Removed)
- B) a 42" diameter Coast Live Oak located along the property line of the street side yard;
- C) a 18" diameter Coast Live Oak located at the front of property on the City right-of-way;

D) a 27" diameter Italian Stone Pine located at the front corner of the property (Removed)

The history of events began in 1998, when a previous owner damaged Tree A through extensive trimming. The owners were required to preserve the tree despite it being severely pruned. By 2001 the tree showed signs of deteriorating health, and the Historical Advisory Board approved a new owner's request to remove the damaged tree in order to allow a proposed residential development to proceed (Certificate of Approval Application No.: CA01-08; Resolution HAB-01-08). The Board's approval was subsequently appealed to the City Council, where the Board's decision was upheld upon the Council's finding that there was no merit to the appeal.

This public hearing is a result of the Board's approval in 2001 to remove Tree A. The Historical Advisory Board approved the request with the condition that two new oak trees be planted on the property. The Board also required the submittal of a landscaping plan for review and approval by the Board when new construction is proposed on the site. Ownership of the property changed hands again in 2004 and the current owners have submitted a proposal to construct a single-family residence on the site. A landscaping plan for the planting of two new Oak trees has been prepared in conformance with Resolution HAB-01-08. The plans for the new construction are currently under review by Design Review staff. Conditions of approval for the Design Review will require protection of the existing trees per the arborist and landscape architect's recommendations, as well as the recordation of a Landscape Maintenance Agreement to ensure maintenance of the oak trees on the property.

II. ENVIRONMENTAL DETERMINATION:

The review of the subject Landscaping Plan is categorically exempt from further environmental review pursuant to Section 15304(b) of the CEQA Guidelines – New Landscaping

III. DISCUSSION:

The applicants have secured the services of a Landscape Architect as required by the Board in 2001 to prepare a landscaping plan and recommendations for the location of the two new trees. The proposed landscaping plan identifies two new Coast Live Oaks located in the rear yard. The proposed trees will be located approximately fifteen feet from the rear of the proposed building and five feet away from the rear property line. The new ten-gallon Oaks will also maintain a separation of fourteen feet.

The applicants have also secured services of a certified arborist who has provided recommendations for protecting the existing trees during construction.

IV. RECOMMENDATION:

Staff recommends that the Historic Advisory Board open the public hearing, review pertinent information and documents, then act to approve the proposed Landscaping Plan.

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CITY OF ALAMEDA
HISTORICAL ADVISORY BOARD
RESOLUTION NO. HAB-05-07

A RESOLUTION OF THE HISTORICAL ADVISORY BOARD OF THE CITY OF ALAMEDA APPROVING THE LANDSCAPING PLAN FOR TWO NEW COAST LIVE OAK TREES REQUIRED UNDER CERTIFICATE OF APPROVAL, CA01-08, FOR THE REMOVAL OF ONE COAST LIVE OAK TREE IN 2001 AT 301 SPRUCE STREET.

WHEREAS, the Historical Advisory Board approved Certificate of Approval CA01-08 in 2001 for the removal of one coast live oak tree and required the installation of two ten-gallon Coast Live Oak trees as part of any development project on the site; and

WHEREAS, the Historical Advisory Board required the submittal of a Landscaping Plan to be submitted for review and approval; and

WHEREAS, Bill Wong on behalf of Property Owner Hai Ky Lam on submitted the recommendations from a Certified Arborist on October 11, 2004 and a Landscaping Plan prepared by a Licensed Landscape Architect on March 23, 2005; and

WHEREAS, the General Plan designation of the site is Medium Density Residential; and

WHEREAS, the parcel is located within the R-4, Neighborhood Residential Zoning District; and

WHEREAS, the Board has held a public hearing on this application on April 7, 2005 and reviewed the proposed plan and considered all pertinent documents and testimony; and

THEREFORE BE IT RESOLVED that the Historical Advisory Board of the City of Alameda hereby finds that the proposal is Categorically Exempt from CEQA, Guidelines, Section 15304(b) – New Landscaping; and

BE IT FURTHER RESOLVED that the Historical Advisory Board of the City of Alameda hereby approves the Landscaping Plan subject to the following conditions:

1. APPROVED PLANS. The planting of the two ten-gallon Coast Live Oak trees shall be completed in substantial compliance with the landscaping plan dated March 23, 2005, prepared by PGA Design Landscape Architects, marked as "Exhibit A", on file in the City of Alameda Planning and Building Department.
2. Prior to issuance of Building Permits for the development on the site, the applicants shall sign and record with the County Recorder's Office a Landscape Maintenance Agreement with the City to ensure maintenance of the Coast Live Oak trees on the property.

HOLD HARMLESS. The City of Alameda requires as a condition of this approval that the applicant, or its successors in interest, defend, indemnify, and hold harmless the City of Alameda or its

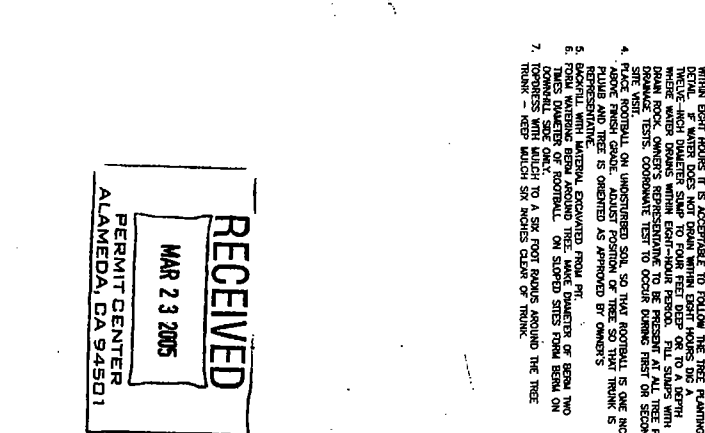
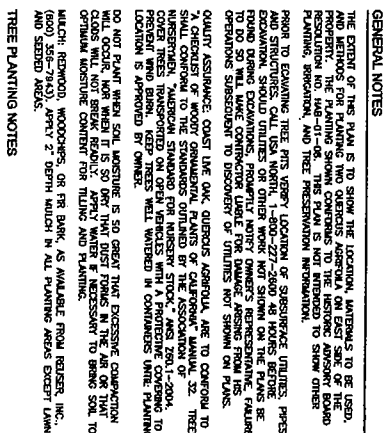
agents, officers, and employees from any claim, action, or proceeding against the City or its agents, officers, and employees to attack, set aside, void, or annul, an approval of the City concerning the subject property, which action is brought within the time period provided for in Government Code Section 65009(c). The City of Alameda shall cooperate promptly, notify the applicant of any claim, action or proceeding and the City shall cooperate fully in the defense. If the City fails to promptly notify the applicant of any claim, action, or proceeding, or the City fails to cooperate fully in the defense, the applicant shall not hereafter be responsible to defend, indemnify, or hold harmless the City.

ACKNOWLEDGMENT OF CONDITIONS. The applicant shall acknowledge in writing all of the conditions of approval and must accept this permit subject to those conditions and with full awareness of the applicable provisions of Chapter 30 of the Alameda Municipal Code in order for this approval to be exercised.

NOTICE. No judicial proceedings subject to review pursuant to California Code of Civil Procedure Section 1094.5 may be prosecuted more than ninety (90) days following the date of this decision plus extensions authorized by California Code of Civil Procedure Section 1094.6.

The decision of the Historical Advisory Board shall be final unless appealed to the City Council, in writing and within ten (10) days of the decision, by Notice of Appeal stating the appellant claims that either the Board's decision is not supported by its findings or its findings are not supported by the evidence in the record.

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RECEIVED
MAR 23 2005
PERMIT CENTER
ALAMEDA, CA 94501

POA design


**LANDSCAPE
ARCHITECTS**

444 17th Street
Culverden City 94012
T 510 465 1284
F 510 465 1256

**Chiu Design
Group**

2000 Sycamore Avenue
San Francisco, CA 94116
Tel: 415-774-1111

Schuyler



OAK TREE PLACEMENT
301 Spruce Street
Alameda, CA

[illegible]



CHRISTOPHER W. BOWEN
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OAKLAND, CA 94605
#WC-4204
CA LICENSE # 761555

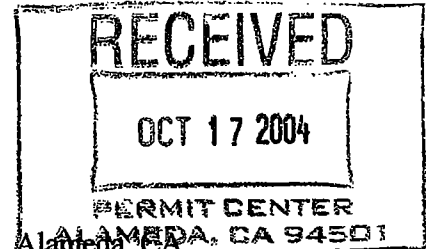


**...Detailed pruning... Careful removal of trees & shrubs... Free estimates...
...Aesthetic approach...**

September 14, 2004

Attention: City of Alameda Historical Advisory Board

re: Approving Certificate of approval, CA-01-08, 301 Spruce St. **Alameda, CA 94501**



The property owner, Bill Wong, shall plant a minimum of two Live Oak Trees with a minimum size of 10 gallons as part of any development of the site (see site plan for tree placement). The two trees will be planted opposite the garage midway between the northern facade of the proposed residence and the property line. There is a 20-foot setback which will allow 10 feet between the trees and the house; and 10 feet to the property line/fence.

Due to the sandy soil the two Live Oaks Trees should be planted slightly high within a mound to allow for future settling. Two inches of compost material and two inches of mulch should be spread around the trees in a six-foot diameter circle. A lawn is not appropriate for this area due to the Live Oaks no summer watering once trees are established after two years of planting. The 10 gallon or larger Live Oaks shall be staked with two wood poles for each tree and watered two times weekly during the dry season for the first two years. Fall planting is preferable.

The Live Oaks shall be maintained during the first three years by a landscaping professional to ensure proper planting, watering, mulching and staking. The trees should not be pruned during the first three years. Subsequent pruning shall be done by a certified arborist.

The property owner shall follow tree preservation and other recommendations as outlined by the Arborist report prepared by Stephen Batchelder 15 June 2001 as part of any development of the site. The two mature Live Oaks on the site are vulnerable to construction and site development damage. Care must be taken when excavating the foundation to protect roots larger than 1 inch in diameter. An airspade is recommended to reveal anchoring roots on the 42" diameter Live Oak along 3rd Street. This tool can be obtained by hiring "Treescapes" Inc. - Oakland. An Arborist from "Treescapes" would excavate around the Live Oak where the foundation is to be dug to reveal anchor roots and to avoid cutting large roots over a 1" diameter. A pier and beam foundation may be necessary to bridge over large roots after wrapping them with burlap.



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...Aesthetic approach...**

- Strap hay bales to and around both mature Live Oaks
- Apply 2" compost, then 6 " mulch/wood chips and cover with 1" plywood to minimize root and soil compaction of area around Oaks, i.e., under their dripline within 8-20 feet of trees -as possible.

It is recommended that the property owner secure a bond to protect the two mature Live Oaks to protect against damage during construction and subsequent decline. This bond would hold the builder financially responsible for damages. The larger Oak = 42" diameter = \$15,000. Bond. The 16" diameter Oak = \$10,000. Bond. Be advised that after damage to these root systems it may take 10 years for the trees to decline and possibly die.

The two mature Live Oaks are heavily pruned to remove limbs and branches facing the property. The trees' canopies are therefore heavy over the street and sidewalk and will require pruning every 3 years to these branches and reduce overweight for balance and to lessen the risk of limb failure.

Christopher Bowen
Certified Arborist
Report dated 09/14/2004

Chris Bowen

Stephen Batchelder, Consulting Arborist
1534 Rose Street
Crockett, California 94525
State Cont. Lic. (C-27) #533675
Phone (510) 787-3075
Fax (510) 787-3065

Mr. Hinh
10 Castlebar Place
Alameda, Ca 94502

Date: June 15, 2001
Subject: Tree Review on Potential Development Lot
Location: 301 Spruce Street, Alameda
Date of Site Visit: June 12, 200

Mr. Hinh requested an assessment for condition and viability of four trees on the lot at 301 Spruce Street, where he is considering developing the property. Prior assessment of the trees is always advised. This report contains inspection data inspection and recommendations for tree treatment and care.

SUMMARY

It is recommended that one, and possibly two trees, be removed prior to beginning construction on the house. Coast Live Oaks tree #1 has suffered severe pruning and is considered to have a negative value. It is not a good candidate for retention. The Italian Stone Pine is also recommended for removal or possibly severe pruning. This pine tree shades two valuable Coast Live Oak trees both recommended for retention.

TREE PROTECTION DURING CONSTRUCTION

Supplemental information has been provided regarding care of native oak trees on home grounds. Good specimen oak trees are highly valued.

Photo shows Coast Live Oak tree #1, recommended for removal. Red arrow indicates the recent, very large pruning wound. The remaining portion of the tree has been previously headed in a similar manner (large cuts). There is no practical reason for retaining this tree, as it will likely have a negative value if retained.



DESCRIPTION OF TREES

Tree #1 Coast Live Oak (Quercus agrifolia)

DBH 26 inches

Height 25 feet

Recommendation: Remove tree

Health
Structure

Fair to poor
Poor

Tree #2 Coast Live Oak (Quercus agrifolia)

DBH 35 inches

Height 30 feet

Recommendation: Protection during construction.

Health
Structure

Good
Fair

Tree #3 Italian Stone Pine (Pinus pinea)

DBH 27 inches

Height 35 feet

Health
Structure

Good
Fair

Recommendation: Either remove or prune to allow light to the Coast Live Oak trees.

Tree #4 Coast Live Oak (Quercus agrifolia)

DBH 18 inches

Height 25 feet

Health
Structure

Good
Good

Recommendation: This tree requires little care other than protection during construction.

Photo to the right shows the four trees described above.



This report is submitted by:

Steve Batchelder

Steve Batchelder, Consulting Arborist
Certified Arborist #228

CITY OF ALAMEDA
HISTORICAL ADVISORY BOARD
RESOLUTION NO. HAB-01-08

A RESOLUTION OF THE HISTORICAL ADVISORY BOARD OF THE CITY OF ALAMEDA
APPROVING CERTIFICATE OF APPROVAL, CA-01-08, 301 SPRUCE STREET

WHEREAS, Hinh D. Nguyen made an application on June 28, 2001 for a Certificate of Approval to the removal of a Coast Live Oak tree, a protected species, from his property; and

WHEREAS, application complete June 28, 2001; and

WHEREAS, the General Plan designation of the site is Medium Density Residential; and

WHEREAS, the parcel is located within the R-4, Neighborhood Residential Zoning District;
and

WHEREAS, the Board has held a public hearing on this application; and

WHEREAS, the Board has made the following findings:

1. The Live Oak Tree has been severely pruned and is in very poor condition.
2. Retention of the Live Oak Tree would significantly restrict the possibility of development of the site.

THEREFORE BE IT RESOLVED that the Historical Advisory Board of the City of Alameda hereby finds that the proposal is Categorically Exempt from CEQA, Guidelines, Section Section 15304 -- replacement of existing landscaping which does not involve the removal of a healthy tree; and

BE IT FURTHER RESOLVED that the Historical Advisory Board of the City of Alameda hereby grants Certificate of Approval, CA-98-6, subject to the following conditions:

1. The property owner shall plant a minimum of two Live Oak Tree with a minimum size of 10 gallons as part of any development project of the site.
2. The property owner shall secure the services of a registered landscape architect to provide advice on the best location for planting of the Live Oaks in compliance with Condition #1.
3. The property owner shall submit the plan for locating the Live Oaks prepared by the landscape architect to the Historical Advisory Board for review and approval.
4. The property owner shall enter into a Landscape Agreement with the City of Alameda for a period of not less than three years from date of installation in order to ensure the maintenance of the required replacement trees.

5. The property owner shall follow the recommendations of the Arborist Report, prepared by Stephen Batchelder, dated June 15, 2001, and on file in the Planning Department Offices, as part of any development project of the site.
6. The property owner shall record a deed restriction which would inform any subsequent owner of the property of Conditions #1 through #5 as part of any development approval by the City for the site. A copy of the deed restriction shall be submitted to the Planning Department prior to the issuance of the Certificate of Occupancy.

NOTICE. No judicial proceedings subject to review pursuant to California Code of Civil Procedure Section 1094.5 may be prosecuted more than ninety (90) days following the date of this decision plus extensions authorized by California Code of Civil Procedure Section 1094.6.

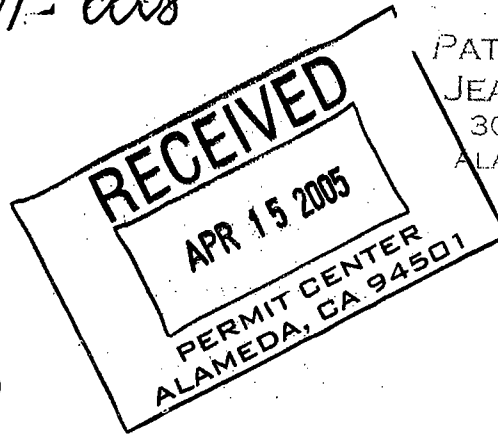
The decision of the Historical Advisory Board shall be final unless appealed to the City Council, in writing and within ten (10) days of the decision, by Notice of Appeal stating the appellant claims that either the Board's decision is not supported by its findings or its findings are not supported by the evidence in the record.

PASSED AND ADOPTED by the Historical Advisory Board of the City of Alameda on the 2nd day of August 2001 by the following vote:

AYES: (5) Gill, Tilos, Jacopetti, McPherson, Brady
NOES: (0)
ABSENT: (0)

ATTEST: _____
Judith Altschuler, Secretary
Historical Advisory Board

CA01-0008



PATRICK G. LYNCH
JEANNE A. NADER
305 SPRUCE STREET
ALAMEDA, CA 94501
(510) 522-2165

April 15, 2005

City Council
City of Alameda
2263 Santa Clara Avenue, Room 190
Alameda, CA 94501

Reference: Appeal of Historical Board Resolution HAB-05-07
301 Spruce Street

Dear Council Members:

We are appealing the above referenced Historical Advisory Board Resolution. Our interest in appealing this decision is to ensure two mature Live Coast Oak Trees located on and adjacent to 301 Spruce Street are protected during the development of a single-family home. A third Live Coast Oak tree had previously been removed from this lot under a set of circumstances that resulted in revisions to the Historical Preservation Ordinance to prevent other Alamedans from sharing our disappointing experience.

The Historic Advisory Board made a finding that the project is exempt from the California Environmental Quality Act (CEQA) that is not supported by the evidence considered at the meeting. CEQA includes exceptions, when unusual circumstances exist at a project site, where a categorical exception is not appropriate. One of these unusual circumstances is when historical resources, in this case the two remaining Live Coast Oak Trees, may be adversely impacted.

An arborist report (attached) prepared on behalf of the property owner contained a number of measures necessary to protect the two remaining trees from mortality during site development.

Given the high potential that the two remaining trees may be adversely impacted by site development the Historical Advisory Board should have found that the project is not categorically exempt from CEQA environmental review.

Sincerely

Patrick G. Lynch

Jeanne A. Nader

Attachment: Christopher Bowen, September 14, 2004, Arborist Report

Attachment #2



CHRISTOPHER W. BOWEN
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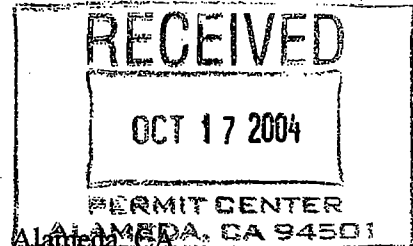


...Detailed pruning... Careful removal of trees & shrubs... Free estimates...
...Aesthetic approach...

September 14, 2004

Attention: City of Alameda Historical Advisory Board

re: Approving Certificate of approval, CA-01-08, 301 Spruce St. **ALAMEDA, CA 94501**



The property owner, Bill Wong, shall plant a minimum of two Live Oak Trees with a minimum size of 10 gallons as part of any development of the site (see site plan for tree placement). The two trees will be planted opposite the garage midway between the northern facade of the proposed residence and the property line. There is a 20-foot setback which will allow 10 feet between the trees and the house; and 10 feet to the property line/fence.

Due to the sandy soil the two Live Oaks Trees should be planted slightly high within a mound to allow for future settling. Two inches of compost material and two inches of mulch should be spread around the trees in a six-foot diameter circle. A lawn is not appropriate for this area due to the Live Oaks no summer watering once trees are established after two years of planting. The 10 gallon or larger Live Oaks shall be staked with two wood poles for each tree and watered two times weekly during the dry season for the first two years. Fall planting is preferable.

The Live Oaks shall be maintained during the first three years by a landscaping professional to ensure proper planting, watering, mulching and staking. The trees should not be pruned during the first three years. Subsequent pruning shall be done by a certified arborist.

The property owner shall follow tree preservation and other recommendations as outlined by the Arborist report prepared by Stephen Batchelder 15 June 2001 as part of any development of the site. The two mature Live Oaks on the site are vulnerable to construction and site development damage. Care must be taken when excavating the foundation to protect roots larger than 1 inch in diameter. An airspade is recommended to reveal anchoring roots on the 42" diameter Live Oak along 3rd Street. This tool can be obtained by hiring "Treescapes" Inc. - Oakland. An Arborist from "Treescapes" would excavate around the Live Oak where the foundation is to be dug to reveal anchor roots and to avoid cutting large roots over a 1" diameter. A pier and beam foundation may be necessary to bridge over large roots after wrapping them with burlap.



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- Strap hay bales to and around both mature Live Oaks
- Apply 2" compost, then 6 " mulch/wood chips and cover with 1" plywood to minimize root and soil compaction of area around Oaks, i.e., under their dripline within 8-20 feet of trees -as possible.

It is recommended that the property owner secure a bond to protect the two mature Live Oaks to protect against damage during construction and subsequent decline. This bond would hold the builder financially responsible for damages. The larger Oak = 42" diameter = \$15,000. Bond. The 16" diameter Oak = \$10,000. Bond. Be advised that after damage to these root systems it may take 10 years for the trees to decline and possibly die.

The two mature Live Oaks are heavily pruned to remove limbs and branches facing the property. The trees' canopies are therefore heavy over the street and sidewalk and will require pruning every 3 years to these branches and reduce overweight for balance and to lessen the risk of limb failure.

Christopher Bowen
Certified Arborist
Report dated 09/14/2004

Chris Bowen

2. Review of the Landscaping Plan for planting two Coast Live Oak trees (*Quercus agrifolia*) on the vacant property at 301 Spruce Street. The submittal of a Landscaping Plan (as part of new development proposals on the site) was required as a Condition of Approval by the Historical Advisory Board under Resolution HAB 01-08, which approved the removal of one Coast Live Oak tree in 2001. The site is located within an R-4 Neighborhood Residential District.

Ms. Altschuler gave a brief history of the project. In 1988, the previous owner damaged an Oak tree through extensive trimming. The owners were required to preserve the tree despite it being severely pruned. In 2001 the tree showed signs of deteriorating health, and the Board approved a new owner's request to remove the damaged tree in order to allow a proposed residential development, with the condition that two new oak trees be planted on the property. The Board also required the submittal of a landscaping plan for review and approval by the Board when new construction is proposed on the site. The Board's approval was subsequently appealed to the City Council, where the Board's decision was upheld upon the Council's finding that there was no merit to the appeal.

The applicants have secured the services of a Landscape Architect as required by the Board in 2001 to prepare a landscaping plan and recommendations for the location of the two new trees. The applicants have also secured services of a certified arborist who has provided recommendations for protecting the existing trees during construction.

Board member Tilos opened the floor for public comment.

Patrick Lynch, 305 Spruce St., spoke in opposition of this project. He has several issues with this application. He stated that the Board should be aware that the conditions contained in CA-01-08 have not been complied with and his requests to the City for enforcement have been ignored. In 2002 a grading permit was issued for the development project at the site without requiring replacement trees. He is concerned with the recent changes to Alameda's Historical Preservation Ordinance that allows Oak Trees with a trunk diameters less than 10" to be removed without a Certificate of Approval. The proposed replacement trees will not likely have trunk diameters of this size for 10 to 20 years, and could be removed at the end of the period required for the landscape maintenance agreement. He therefore requests that the replacement trees have a diameter greater than 10" at 4.5 ft. above the ground. He also disagrees with staff's decision that this project is categorically exempt from the CEQA guidelines. The tree removal together with the proposed single-family home project may cumulatively cause additional and substantial adverse change in the condition of the remaining oak trees.

Ms. Altschuler addressed Mr. Lynch's concerns as followed:

1. Mr. Lynch's concern with the issuance of the grading permit does not fall under the purview of the Historical Advisory Board.
2. To resolve Mr. Lynch's concern regarding the size of the trunk diameters of the replacement trees, the Board can extend the landscaping maintenance agreement to five years and require the replacement tree to be larger than 10" diameter.
3. His issue with staff's decision that this project is exempt from CEQA guidelines do not fall under the purview of this Board and should be addressed during the design review process.
4. According to city records, the Certificate of Approval CA01-08 was valid on the day the tree was removed. The Board approved the request with the condition that two new oak trees be planted on the property. The Board also required the submittal of a landscaping plan for review and approval when new construction is proposed. The current owners have submitted a proposal to construct a single-family residence on the site. A landscaping plan for the planting of two new Oak trees has been prepared in conformance with Resolution HAB-01-08. The plans for the new construction are currently under review by Design Review staff. Conditions of approval for the Design Review will require protection of the existing trees per the arborist and landscape architect's recommendations, as well as the recordation of a Landscape Maintenance Agreement to ensure maintenance of the oak trees on the property. Staff understands that Mr. Lynch has enjoyed living next to a vacant lot, but the owner is entitled to develop his lot.

Ms. Altschuler advised the Board that the decision before this Board tonight is to approve the location of the replacement trees as stated in the Landscaping Maintenance plan.

Board member Tilos opened the floor to Board discussion.

Board member Miller is in favor of extending the Landscaping Plan to 5 years. He is also in favor of requiring the replacement trees to be bigger than a 10" diameter.

The Certified Arborist, Chris Bowen was present. He suggested that the replacement trees be 24" box, which would be close to 8 ft tall when planted. He feels this would improve the property value.

M/S to approve the Landscaping Maintenance Plan with the following revisions: (1) Change the replacement trees from two 10-gallon trees to two 24" box trees. (2) Extend the Landscape Maintenance Agreement from 3 to 5 years.

CITY OF ALAMEDA RESOLUTION NO. _____

UPHOLDING THE HISTORICAL ADVISORY BOARD'S APPROVAL OF A LANDSCAPING PLAN FOR PLANTING TWO COAST LIVE OAK TREES ON THE VACANT PROPERTY AT 301 SPRUCE STREET. THE SUBMITTAL OF A LANDSCAPING PLAN, AS PART OF NEW DEVELOPMENT PROPOSALS ON THE SITE WAS REQUIRED BY THE HISTORICAL ADVISORY BOARD AS A CONDITION FOR THE REMOVAL OF ONE COAST LIVE OAK TREE IN 2001. THE SITE IS LOCATED AT 301 SPRUCE STREET WITHIN THE R-4 NEIGHBORHOOD RESIDENTIAL ZONING DISTRICT.

WHEREAS, in 2001 the Historical Advisory Board conditionally approved Certificate of Approval CA01-08 for the removal of one Coast Live Oak tree at 301 Spruce Street and required a landscaping plan to be submitted for the planting of two Coast Live Oak trees at the time development was proposed on the vacant parcel; and

WHEREAS, Hai Ky Lam, property owner of 301 Spruce Street, submitted a proposal to construct one single-family dwelling on the property and a landscaping plan in accordance with the Historical Advisory Board Resolution HAB-01-08; and

WHEREAS, the subject property is designated as Medium Density Residential on the General Plan Diagram; and

WHEREAS, the subject property is located in the R-4, Neighborhood Residential Zoning District; and

WHEREAS, the Historical Advisory Board held a public hearing on April 7, 2005 and considered public testimony and comments on the proposed placement of the two Coast Live Oak trees and approved the landscaping plan; and

WHEREAS, on May 17, 2005 the City Council of the City of Alameda held a public hearing for the appeal of the Historical Advisory Board's approval and examined pertinent documents as well as the record of the Historical Advisory Board hearing; and

NOW, THEREFORE BE IT RESOLVED that the City Council finds that the project is Categorically Exempt under California Environmental Quality Act Guidelines, Section 15304(b) – Landscaping;

NOW, BE IT FURTHER RESOLVED that the City Council finds that the proposed Landscaping Plan complies with the Historical Advisory Board's condition of approval for Certificate of Approval CA01-08 for planting two Coast Live Oak trees to replace one tree that was removed in 2001;

NOW, BE IT FURTHER RESOLVED that the City Council denies the appeal and upholds the Historical Advisory Board's approval of the Landscaping Plan as required under Certificate of Approval CA01-08 and Historical Advisory Board Resolution HAB01-08, subject to the following conditions:

Resolution #5-E
5-17-05

Approved as to Form

CITY ATTORNEY

1. **APPROVED PLANS.** The planting of the two Coast Live Oak trees (minimum twenty-four inch box) shall be completed in substantial compliance with the landscaping plan dated March 23, 2005, prepared by PGA Design Landscape Architects, marked as "Exhibit A", on file in the City of Alameda Planning and Building Department.
2. Prior to issuance of Building Permits for the development on the site, the applicants shall sign and record with the County Recorder's Office a Landscape Maintenance Agreement with the City to ensure maintenance of the Coast Live Oak trees on the property. The Landscape Maintenance Agreement shall be in effect for five years from the date of the recording.

NOTICE. No judicial proceedings subject to review pursuant to California Code of Civil Procedure Section 1094.5 may be prosecuted more than ninety (90) days following the date of this decision plus extensions authorized by California Code of Civil Procedure Section 1094.6.

* * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the _____ day of _____, 2005, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this _____ day of _____, 2005.

Lara Weisiger, City Clerk
City of Alameda

City of Alameda

Memorandum

DATE: April 28, 2005

TO: Honorable Mayor and
Councilmembers

FROM: William C. Norton,
Acting City Manager

RE: Recommendation to develop two separate voluntary residential seismic retrofit programs. The first program will address the retrofit of wood-frame, one and two story residential structures. The second program will create an inventory of soft-story residential structures as well as a retrofit program.

BACKGROUND

The existing housing stock in Alameda is built largely of two types of construction that have performed poorly in past seismic events. The first type of construction is one and two story, wood-frame structures that do not have adequate foundations, are not bolted to their foundations and/or lack bracing of walls enclosing a crawl space. This group consists of as many as 9000 buildings. Many of these structures are included on the City's Historic Building Study List. The second type is multifamily wood-frame buildings with all or part of the first floor used for parking. This second type of building is referred to as a "soft-story" building and there may be as many as 1500 of these buildings in Alameda.

In 1999, ABAG concluded that upwards to 88,000 housing units, in Alameda County, would become uninhabitable following a 6.9 earthquake centered on the Hayward Fault. The California Seismic Safety Commission estimates that 84% of all lost housing in a major Hayward Fault earthquake would involve soft-story construction. ABAG has concluded that while over 50% of single-family homeowners in the City of Alameda had done some retrofit work; only 18% had adequately retrofitted their buildings with foundation bolts and plywood bracing. ABAG concluded "Most homeowners are not retrofitting – and those that retrofit are not doing all the work needed to significantly change the likelihood that homes will be habitable following future earthquakes."

USGS earthquake hazard maps indicate that Alameda will experience violent shaking as well as liquefaction in future seismic events.

DISCUSSION/ANALYSIS

Structural retrofit of one and two story, wood-frame houses typically includes a combination of adding anchor bolts to prevent sliding off their foundations and adding plywood sheathing along portions of the cripple walls to prevent collapse of these walls. In some cases, existing foundations need to be rebuilt or strengthened. The structural retrofitting of "soft-story" residential structures is more complex than for wood-frame homes. The retrofit of soft-story structures needs to involve a specific solution designed by a structural engineer or other design professional with experience in

this type of work. Retrofitting buildings with large openings for parking involves adding bracing elements, like steel frames or shear walls at the lowest story level, and tying this bracing into the floor above that level.

Several Bay Area cities have adopted retrofit ordinances that encourage voluntary seismic retrofitting of residential structures. The City of Berkeley's program includes a waiver of building permit fees for all qualified retrofit projects and a rebate of up to one-third of the City's 1.5% property transfer tax if the funds are used for qualified retrofit projects. San Leandro instituted an aggressive public education campaign that included practical hands-on workshops with experts, educational videos, detailed construction drawings and a streamlined package of plans and permits. Albany, Fremont, Livermore, Los Gatos, Morgan Hill, Oakley, San Rafael, Sonoma, and St. Helena waive permit fees for homeowners. Several jurisdictions offer grants that vary greatly depending on income and scope of work. In the early 1990's Alameda, along with all other jurisdiction in California, was required to inventory and develop a retrofit program for unreinforced masonry buildings. Berkeley, Fremont and San Leandro have taken that a step further and have inventoried soft story structures. Together these three cities have 10,300 families living in soft story apartment buildings. In 1999, Fremont adopted a voluntary retrofit ordinance to reduce the hazard posed by the soft story residential buildings. Fremont's ordinance included minimum retrofit standards and the waiver of plancheck and inspection fees. Berkeley is drafting an ordinance that would require engineering surveys, tenant notifications and retrofits.

While the goal of any seismic retrofit program is to protect the building occupants, these two types of residential retrofit programs require much different solutions. Retrofitting one and two story wood frame residential structures is a fairly simple project that can, in many cases, be carried out by the property owner. The how-to information, tools and engineered drawings are readily available and the materials needed to complete retrofit are relatively inexpensive. Retrofitting soft-story structures is far more complex and expensive.

The ABAG Executive Board recently endorsed a standard set of plans entitled "Residential Seismic Strengthening Plan" as a prescriptive seismic strengthening plan for cripple wall bracing and foundation sill plate anchorage of light wood-framed residential structures not more than two stories in height and containing not more than two dwelling units. A committee representing ABAG's Earthquake Program, building contractors, the California Building Officials (CALBO), the Earthquake Engineering Research Institute (EERI), the International Code Council (ICC) Tri-Chapters (East Bay, Peninsula, and Monterey Bay) and committees of the Structural Engineers Association of Northern California (SEAONC), developed this plan set. ABAG strongly encourages local jurisdictions to utilize this Standard Plan Set by encouraging and promoting its use as a minimum standard for seismic retrofitting.

Several Cities in California, as well as the 2003 International Existing Building Code, have developed engineering standards for the retrofit of soft-story buildings. These standards give licensed architects and engineers the needed guidance to properly design seismic retrofit solutions for individual properties.

The City of Alameda could very quickly establish a retrofit program for light wood frame residential structures. The plan set endorsed by ABAG is available on line and can be made available to

Alameda property owners by the Planning and Building Department. A retrofit program for soft-story residential structures would involve establishing an inventory of these structures as well as adopting retrofit standards. Depending on whether or not incentives are offered by the City, additional Council action may be required to waive fees and/or relax other City regulations.

BUDGET CONSIDERATION/FISCAL IMPACT

Any successful voluntary retrofit program needs to include sufficient incentives to encourage property owners to spend the time and money necessary to upgrade their properties. These incentives can include the waiving of permit and impact fees, streamlining the development review process, and/or relax existing construction and zoning code regulations. As noted above several Bay Area jurisdictions have offered tax breaks or grants.

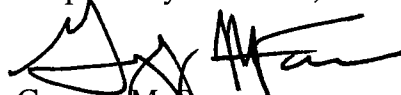
Fannie Mae and the Federal Emergency Management Agency (FEMA) have partnered to help Bay Area residents guard their homes against future natural disasters. Below-market interest rates on loans up to \$20,000 are available for improvements such as foundation bolting/repair, chimney replacement, cripple wall stiffening, shear wall system construction, and plywood sheathing. There are no income limitations for borrowers. At least 50% of the loan amount must be dedicated to seismic repairs. The house must be a single family or 1-2 unit residential home and must be occupied by the borrower(s) as their primary or secondary residence.

Waiving permit and related impact fees would have a relatively minor impact on City revenues in the short term. However, the successful retrofit of a number of residential structures would save considerable money in reduced damage, Possible injuries and death, and the loss of historic structures, as a result of a significant earthquake.

RECOMMENDATION

The City Manager recommends that the City Council direct staff to develop two separate voluntary residential seismic retrofit programs. The first program will address the retrofit of wood-frame, one and two story residential structures. The second program will create an inventory of soft-story residential structures as well as a retrofit program.

Respectfully submitted,



Gregory McEann
Building Official

**CITY OF ALAMEDA
MEMORANDUM**

Date: May 6, 2005

To: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Report on Results of Actuarial Valuations of the Police and Fire Retirement
System (Plan 1079 and 1082) and the Retiree Health Care Plan

BACKGROUND

The closed pension systems for Police and Fire (Plan 1079 and 1082) are required under Governmental Accounting Standards Board (GASB) rules to have an actuarial valuation performed once each three years. The report (Exhibit A) attached hereto is in accomplishment of that requirement.

Further, beginning in June 2007, GASB requires the full disclosure using actuarial standards of "Other Post Employment Benefits" (see page 17 of Exhibit B for a detailed discussion). These are defined as any benefit earned by an employee when service is rendered but paid after retirement. Typically these are granted through Memoranda of Understanding with various recognized bargaining units in the City. In order to prepare for this requirement, staff requested the preparation of an actuarial evaluation of those post employment benefits currently contracted. A copy of that report is also attached.

DISCUSSION/ANALYSIS

Police and Fire Retirement System (Plan 1079 and 1082)

The report outlines the demographics, the actuarial assumptions and methods applied in calculating the value, and the benefits for each plan. The actuarial assumptions are similar to the revised assumptions used by CalPERS. Actuarial methods are industry standard requirements for this type of plan.

The demographic summary (Exhibit A, page 6) shows that as of January 1, 2005, there were:

- 58 members of the two plans,
- at an average age of 84.5 years,
- receiving average monthly benefits of \$4,675.

The total annual benefits as of January 1, 2005, are \$3,165,000. The Actuarial accrued liability as of January 1, 2005 for the two plans is \$31,683,000. This represents the amount that would need to be set aside today to fully fund the plans. In June 2002, the Actuarial accrued liability was \$35,082,000. The calendar year liability for 2006 is \$3,088,000 as of January 1, 2006.

This report will satisfy the GASB requirements and the data will be included in the Comprehensive Annual Financial Report for June 30, 2005.

Retiree Health Care Plan

The report was prepared in preparation for the required reporting in June 2007. The various benefits by employee group are described beginning on page 1 of Exhibit B. Currently, this plan includes the 247 current retirees (92 Miscellaneous and 155 Safety employees) and 685 future retirees or currently active (485 Miscellaneous and 200 Safety) employees. Highlights from the report of the resulting liabilities are:

- Present value of expected future benefits is \$108,720,000
- Actuarial accrued liability (obligation through Jan. 1, 2005) is \$70,012,000, and is an unfunded liability
- Annual required contribution as of June 30, 2005 is \$6,675,000

The fiscal year liability for 2006 is \$1,495,000 on a "pay as you go" basis. By 2014, this annual amount is projected to be \$3,462,000.

With this report completed, staff will begin exploring alternatives that will reduce the annual contribution amount while still fulfilling the funding requirements. This solution should be in place prior to June 2007.

FINANCIAL IMPACT

The Police and Fire Retirement System is funded from current General Fund revenues. While an exploration of an alternative funding will be done, it is not likely that there will be a cost savings over the current annual (and declining) contribution.

The Retiree Health Care Plan is primarily funded from current General Fund revenues. This annual contribution will grow over time and is therefore more likely to be financeable. Staff will begin exploration of these alternatives with the goal of reducing and levelizing the General Fund contribution.

RECOMMENDATION

No action is required. This report is presented for your information only.

Respectfully submitted

William C. Norton
Interim City Manager


By: Juelle-Ann Boyer
Chief Financial Officer

JB:dl

Attachments

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

May 9, 2005

Actuarial Valuation Certificate

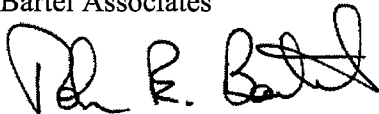
This report presents the City of Alameda Police and Fire Retirement System Plans 1079 & 1082 January 1, 2005 Actuarial Valuation results.

In preparing this report, we relied on plan provisions (summarized in Exhibit 2) and employee data furnished by the City (summarized in Exhibit 1). We prepared the valuation using generally accepted actuarial principles and practices, including methods and assumptions summarized in Exhibit 3.

We have not audited the employee data provided by the City. However, based on the data and plan summary, we certify this report accurately presents actuarial valuation results.

The undersigned is a member of the American Academy of Actuaries and meets the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Bartel Associates

A handwritten signature in black ink, appearing to read "John E. Bartel", with a stylized flourish at the end.

John E. Bartel, ASA, EA, MAAA
President

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

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**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Background

The City of Alameda Police and Fire Retirement System Plans 1079 and 1082 provide pension benefits to two closed groups of retirees and surviving spouses. Exhibit 2 summarizes plan provisions; Exhibit 3 outlines actuarial methods and assumptions.

This valuation was prepared at January 1, 2005, based on January 1, 2005 participant data. Exhibit 1 summarizes participant information used in the valuation.

Exhibit 5 provides sample Government Accounting Standards Board Statement No. 27 (GASB 27) reporting and disclosure information.

The following table summarizes valuation results:

	June 30, 2002			January 1, 2005		
Plan	1079	1082	Total	1079	1082	Total
■ Participant count	67	2	69	56	2	58
■ Total Annual benefits ('000)	\$3,386	\$38	\$3,424	\$3,215	\$39	\$3,254
■ Actuarial accrued liability ('000)	34,310	772	35,082	30,839	843	31,683
■ Present value of benefits being paid ('000)	26,627	592	27,219	24,138	645	24,783
■ Assets ('000)	0	0	0	0	0	0
■ Annual Required Contribution ¹ ('000)	3,328	75	3,403	2,720	74	2,794
■ Interest Rate	5.5%			4.0%		

Participant Data

This valuation was prepared as of January 1, 2005 based on January 1, 2005 participant data. There are 56 participants included in Plan 1079 and 2 participants included in Plan 1082. Exhibit 1 summarizes participant information used in the valuation.

¹ This amount is a 15 year amortization of the actuarial accrued liability, without regard to actual benefit payments. The final annual required contribution is not permitted to be less than actual benefit payments.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Analysis of Assumptions

For Plan 1079 there was a \$537,000 actuarial loss since the last valuation. For Plan 1082 there was a \$64,000 actuarial loss since the last valuation.

The mortality rates have been changed from CalPERS' 1988 – 1992 Experience Study in the last valuation to CalPERS' 1997 – 2002 Experience Study. Exhibit 3 provides sample mortality rates. The interest rate has been changed from 5.5% to 4%. There are no other changes in actuarial assumptions since the last actuarial valuation.

The following table shows how the actuarial accrued liability was calculated (000s omitted):

	<u>Plan 1079</u>	<u>Plan 1082</u>
1. June 30, 2002 actuarial accrued liability	\$ 34,310	\$ 772
Benefit payments	(3,365)	(38)
Interest	<u>1,795</u>	<u>41</u>
June 30, 2003 expected actuarial accrued liability	32,740	775
2. June 30, 2003 estimated actuarial accrued liability	\$ 32,740	\$ 775
Benefit payments	(3,378)	(39)
Interest	<u>1,708</u>	<u>42</u>
June 30, 2004 expected actuarial accrued liability	31,069	778
3. June 30, 2004 estimated actuarial accrued liability	\$ 31,069	\$ 778
4. Benefit payments (7/1/04 -12/31/04)	(1,600)	(20)
5. Interest	<u>832</u>	<u>21</u>
6. January 1, 2005 expected actuarial accrued liability [(3) + (4) + (5)]	30,302	779
7. Actuarial (gain)/loss	<u>537</u>	<u>64</u>
8. January 1, 2005 actuarial accrued liability [(6) + (7)]	30,839	843

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

(Gain)/Loss

The following table shows how the \$537,000 loss for plan 1097 and \$64,000 loss for plan 1082 were calculated (000s omitted):

	<u>Plan 1079</u>	<u>Plan 1082</u>
1. Change Interest Rate (5.5% → 4%)	\$2,967	\$156
2. Change Retiree and Disabled Mortality Table	\$ (492)	\$ 63
3. Benefits increased more/(less) than expected	823	(17)
4. Correct Uniform Allowance/1082 payment form	(402)	(99)
5. Benefit changed for Lola Crawford	(268)	0
6. Other	<u>(2,091)</u>	<u>(40)</u>
7. Total (gain)/loss	537	64

Benefit/Contribution Results

Since the June 30, 2002 valuation, the average monthly annuity has increased from \$4,211/month to \$4,784/month for Plan 1079 and from \$1,589/month to \$1,629/month for Plan 1082. Total annual benefits have decreased from \$3,386,000/year to \$3,215,000/year for Plan 1079 and increased from \$38,100/year to \$39,100/year for Plan 1082. Exhibit 1 shows the distribution of benefits by age and marital status.

Liability Results

Actuarial Accrued Liability

The actuarial accrued liability is the value, at valuation date, of all expected future payments, *including* future cost of living increases. The January 1, 2005 actuarial accrued liability is \$30,839,000 for Plan 1079 as compared to \$34,310,000 as of June 30, 2002. The actuarial accrued liability for Plan 1082 is \$843,000 as of January 1, 2005 as compared to \$772,000 as of June 30, 2002.

The change since the prior valuation follows (000s omitted):

	<u>Plan 1079</u>	<u>Plan 1082</u>
1. Experience and assumption (gain)/loss	\$ 537	\$ 64
2. Interest	4,335	104
3. Benefits paid	<u>(8,343)</u>	<u>(97)</u>
4. Total changes [(1) + (2) + (3)]	\$ (3,471)	\$ 71

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Present Value of Benefits Being Paid

The present value of benefits being paid is the value, at valuation date, of all expected future payments, excluding future increases. The present value of benefits being paid at January 1, 2005 is \$24,138,000 for Plan 1079 and \$645,000 for Plan 1082.

Interest Rate Sensitivity

Valuation liabilities are calculated using a 4.0% interest rate. The following table illustrates the effect on valuation results (000s omitted) using a different interest rate assumption:

Plan	4.0%			5.0%		
	1079	1082	Total	1079	1082	Total
■ Actuarial Accrued Liability	\$30,839	\$ 843	\$31,683	\$28,801	\$ 734	\$29,534
■ Annual Required Contribution (without regard to actual benefit payments)	2,720	74	2,794	2,708	69	2,777

Forecast Results

Exhibit 4 shows the results of our benefit disbursement forecast, based on the same mortality assumption as the actuarial study. Highlights are:

- For Plan 1079, payments are projected to be \$1.9 million at January 1, 2015 compared to \$3.1 million estimated at January 1, 2005.
- For Plan 1082, payments are projected to be \$43,000 at January 1, 2015 compared to \$39,000 estimated at January 1, 2005.
- For Plan 1079, the January 1, 2015 average monthly benefit is expected to be \$6,880 compared to \$4,784 at January 1, 2005.
- For Plan 1082, the January 1, 2015 average monthly benefit is expected to be \$1,792 compared to \$1,629 at January 1, 2005.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Government Accounting Standards Board Statement No. 27

The Governmental Accounting Standards Board (GASB) issued Statement No. 27 (November 1994) to establish accounting and financial reporting standards for state and local governments that provide or participate in pension plans. GASB further issued (June 1997) a Guide to Implementation for this statement. Statement 27 is effective for fiscal years beginning after June 15, 1997. Exhibit 5 provides sample reporting and disclosure information. However, there are some important items to note:

- The City has no initial Net Pension Obligation (NPO) at transition for Police and Fire Retirement System Plans 1079 and 1082. This is based on the following:
 - Although the plans do have some allocated assets, the City makes benefit contributions to the Plans on a pay-as-you-go basis.
 - For fiscal years beginning after December 15, 1986 and before adoption of Statement 27, actuarially determined Annual Required Contributions (ARC) were not calculated and therefore are not available.Consequently, according to the City's external auditors, the City's NPO at June 30, 1999 is zero.
- For future fiscal years, the plan's ARC is based on the greater of:
 - 15 year amortization of the unfunded actuarial accrued liability and
 - actual benefits paid during year.
- The 2004/05 ARC - without regard to actual benefit payments - is \$2,720,000 for plan 1079 and \$74,000 for plan 1082. If actual benefit payments are more than this amount, then the ARC will equal actual benefit payments. If actual benefit payments are less than this amount, the difference must be recognized into expense and increases the Net Pension Obligation. For example, 2004/05 expected benefit payments are approximately \$3.1 million for Plan 1079. If actual benefits paid equal this amount, or any amount greater than \$2,720,000, the ARC for Plan 1079 will equal the actual benefit payments. However, if benefit payments are less than \$2,720,000, the ARC for Plan 1079 will equal \$2,720,000.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

**Exhibit 1.A – Plan 1079
2005 Participant Count and Monthly Benefit Distribution**

January 1, 2005 Participant Count

Age	Single Lives			Married Lives			Grand Total
	Male	Female	Total	Male	Female	Total	
<70	0	0	0	0	0	0	0
70-74	1	3	4	0	0	0	4
75-79	0	7	7	5	1	6	13
80-84	0	8	8	6	0	6	14
85-89	1	9	10	6	0	6	16
90+	<u>2</u>	<u>5</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>9</u>
Total	4	32	36	19	1	20	56

January 1, 2005 Monthly Benefit Distribution

Age	Single Lives			Married Lives			Grand Total
	Male	Female	Total	Male	Female	Total	
<70	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
70-74	4,241	17,535	21,776	0	0	0	21,776
75-79	0	31,855	31,855	23,308	6,038	29,346	61,201
80-84	0	34,602	34,602	30,575	0	30,575	65,177
85-89	4,498	39,107	43,605	31,193	0	31,193	74,798
90+	<u>10,992</u>	<u>25,580</u>	<u>36,572</u>	<u>8,383</u>	<u>0</u>	<u>8,383</u>	<u>44,955</u>
Total	19,731	148,679	168,410	93,459	6,038	99,497	267,907

Notes: Average age: 84.41 years
Proportion of males/females: 41%/59%
Average monthly annuity: \$4,784

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

**Exhibit 1.B – Plan 1082
Participant Data**

As of January 1, 2005 only two participants (age 48 and 66) are in Plan 1082. These two participants receive monthly pension benefit of \$2,003 and \$1,256.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Exhibit 2 Plan Summary

A. ELIGIBLE PARTICIPANTS

Closed groups of public safety members and their survivors not participating in CalPERS.

B. RETIREMENT BENEFIT

Employees with 25 or more years of service receive annual pension benefits equal to 50% of annual salary for the rank/position held 1 year before retirement.

Employees terminated after 10 but before 25 years of service receive annual pension benefits in proportion that the number of years of service bears to 25.

C. DISABILITY BENEFIT

Employees who become disabled from service-related causes receive annual pension benefits equal to 50% of annual salary for the rank/position held at the date of disability, reduced by any workers' compensation benefit received.

D. COST OF LIVING INCREASES

For Plan 1079, benefits are adjusted to reflect wage increases granted current City employees.

For Plan 1082, benefits are adjusted annually by a maximum of 2% per year cost-of-living adjustment.

E. DEATH BENEFITS

For Plan 1079, benefits continue to a surviving eligible spouse at participant's death.

For Plan 1082, 50% benefits continue to a surviving eligible spouse at participant's death.

No other death benefits are payable.

F. CHANGES IN PLAN PROVISIONS SINCE PRIOR REPORT

No changes in plan provisions have occurred from July 1, 2002 through January 1, 2005.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Exhibit 3 Actuarial Methods and Assumptions Summary

A. Actuarial Methods

Calculation of Actuarial Accrued Liability and Actuarial Present Value of Accumulated Plan Benefits: Actuarial accrued liability and actuarial present value of accumulated plan benefits were determined by multiplying pension benefits accrued to the valuation date by present value cost factors, based on applicable actuarial assumptions below. Note that future wage increases are included in this calculation.

Calculation of Actuarial Present Value of Benefits Being Paid: Actuarial present value of benefits being paid was determined by multiplying pension benefits accrued to valuation date by present value cost factors, based on applicable actuarial assumptions below.

B. Actuarial Assumptions

- Investment return 4.0% per year

- Wage Increases
 - Actuarial accrued liability Plan 1079 – 4% per year
Plan 1082 – 2% per year
 - Actuarial present value of benefits paid N/A

- Mortality CalPERS' 1997 – 2002 Experience
Study Table
(sample rates below)

Age	Annual Rate/1,000 Participants	
	Male	Female
55	4.29	2.53
60	7.21	4.42
65	13.02	7.95
70	21.35	12.76
75	37.16	21.56
80	62.56	38.83
85	101.95	72.19
90	173.79	125.92
100	347.24	320.36

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

**Exhibit 4 Benefit Disbursements Forecast
(000s Omitted)**

Year Beginning January 1	Plan 1079		Plan 1082		Total	
	Number of lives	Expected Benefit Payment	Number of lives	Expected Benefit Payment	Number of lives	Expected Benefit Payment
2005	56	3,126	2	39	58	3,165
2006	53	3,048	2	40	55	3,088
2007	49	2,957	2	40	51	2,997
2008	46	2,853	2	41	48	2,894
2009	42	2,739	2	41	44	2,780
2010	39	2,614	2	42	41	2,656
2011	35	2,480	2	42	37	2,522
2012	32	2,340	2	42	34	2,382
2013	29	2,195	2	43	31	2,238
2014	26	2,048	2	43	28	2,091
2015	23	1,899	2	43	25	1,942

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

**Exhibit 5 - Government Accounting Standards Board Statement No. 27
Reporting and Disclosure Information**

The Governmental Accounting Standards Board (GASB) issued Statement 27 (November 1994) to establish measurement recognition, and display standards for pension expenditures/expense and related liabilities, assets, note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers. Statement 27 is effective for fiscal years beginning after June 15, 1997.

Statement 27 supersedes all previous guidance, including Statement 5. This means that once an employer adopts Statement 27, the previously required standard pension disclosure, PBO, is no longer required. Instead, sponsors will disclose information consistent with their funding policy. Employers that sponsor a single employer defined benefit pension plan will report an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contribution. The cumulative difference is called the Net Pension Obligation (NPO)².

The APC equals the ARC:

- plus one year's interest on the NPO,
- minus an amortization of past contribution deficiencies (or plus an amortization of past excess contributions) already included in the ARC - the amortization equals the beginning of year NPO divided by a present value factor (provided by the actuary).

The GASB has made it clear that, prospectively, the plan's actuary should provide plan sponsors a single ARC and that contributions different from the ARC generate an NPO.

Statement 27 requires the following items be disclosed in the footnotes to the City's financial statements:

- *Plan Description*
- *Funding Policy*
 - Annual Pension Cost (APC) and \$ amount of contributions made - components of APC (ARC, interest on NPO, adjustment to ARC).
 - Three years of data:
 - APC
 - % of APC Contributed
 - NPO at end of year
 - Actuarial valuation date, actuarial method(s) and significant assumptions used to determine ARC.

² Unless otherwise mentioned, NPO also refers to Net Pension Asset.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Following is a draft June 30, 2005 footnote disclosure:

Note XX: Plans 1079 and 1082

Plan Description: The City of Alameda sponsors the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082. Plan 1079 provides pension benefits to a closed group of retirees and surviving spouses based on 50% of current salary for employees at the rank/position the retiree held one year before retirement. The benefits include wage increases to current employees and 9% CalPERS contributions for certain years. Plan 1082 provides pension benefits to a closed group of retirees and surviving spouses with benefits increased each year based on a cost-of-living adjustment (not to exceed 2%).

Funding Policy - Although the plans have some allocated assets, the City's contribution policy is to fund the plan on a pay-as-you-go basis. The annual required contribution equals to the greater of:

- 15 year amortization of the unfunded actuarial accrued liability, and
- actual benefits paid during the year

Annual Pension Cost - Government Accounting Standards Board Statement No. 27 (Statement 27) requires the City to determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the City's annual required contribution as the greater of (a) a 15-year amortization of the unfunded actuarial liability or, (b) actual benefit payments made for the year.

For fiscal year ending June 30, 2005, the City's annual required contribution was \$2,720,000 for Plan 1079 and \$74,000 for Plan 1082. This amount compares with City's actual contributions of \$3,126,000³ for Plan 1079 and \$39,000³ for Plan 1082. The required contribution was determined as part of the January 1, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.0% investment return (net of administrative expenses), (b) the CalPERS 1997 – 2002 Experience Study table for Males and Females, (c) projected annual benefit increases of 4% a year for Plan 1079 and cost-of-living adjustment of 2% per year for Plan 1082. Both (a) and (c) include a 3% annual inflation component.

³ Estimated as of January 1, 2005.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

The following table provides 8 years of historical information of the Annual Pension Cost:

Plan	Fiscal Year Ending	Annual Pension Cost (APC) (000s omitted)	Percentage of APC Contributed	Net Pension Obligation (000s omitted)
1079	6/30/98	\$3,094	100% ⁴	N/A
	6/30/99	3,503	100% ⁴	N/A
	6/30/00	3,492	94%	\$201
	6/30/01	3,346	94%	402
	6/30/02	3,316	98%	458
	6/30/03	3,345	101%	438
	6/30/04	3,358	101%	418
	6/30/05	2,699 ⁵	116% ⁶	(9)

Plan	Fiscal Year Beginning	Annual Pension Cost (APC) (000s omitted)	Percentage of APC Contributed	Net Pension Obligation (000s omitted)
1082	6/30/98	\$37	100% ⁴	N/A
	6/30/99	36	100% ⁴	N/A
	6/30/00	67	55%	\$30
	6/30/01	68	114%	21
	6/30/02	65	58%	48
	6/30/03	73	53%	82
	6/30/04	71	55%	115
	6/30/05	69 ⁵	57% ⁶	145

⁴ Annual Pension Cost information for fiscal years before July 1, 1999 was provided by the City.

⁵ Equal to ARC, which is based on January 1, 2005 accrued liability of \$30,839,000 for Plan 1079 and \$843,000 for Plan 1082, plus interest on NPO minus amortization of past contribution deficiencies already included in ARC.

⁶ Estimated as of January 1, 2005.

**City of Alameda
Police and Fire Retirement System
Plans 1079 and 1082**

Statement 27 requires the following items be disclosed as required supplementary information to the City's financial statements:

- Actuarial valuation date, actuarial asset value, actuarial accrued liabilities, total unfunded actuarial liabilities, actuarial assets as % of actuarial accrued liability (funded ratio), annual covered payroll and ratio of unfunded liability to annual covered payroll.
- Factors significantly affecting trends in the above amounts.

Following is a sample required supplementary information:

SCHEDULE OF FUNDING PROGRESS (\$ Amount in Thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
		(A)	(B)	(B-A)	(A/B)	N/A	N/A
1079	1/1/97	\$1,811	\$39,908	\$38,098	4.5%	N/A	N/A
	6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
	6/30/99	N/A	35,998 ⁷	N/A	N/A	N/A	N/A
	6/30/00	0	34,597	34,597	0%	N/A	N/A
	6/30/01	0	34,369	34,369	0%	N/A	N/A
	6/30/02	0	34,311	34,311	0%	N/A	N/A
	6/30/03	0	32,740	32,740	0%	N/A	N/A
	6/30/04	0	31,069	31,069	0%	N/A	N/A
	1/1/05	0	30,839	30,839	0%	N/A	N/A
1082	1/1/97	\$114	\$697	\$583	16.4%	N/A	N/A
	6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
	6/30/99	N/A	759 ⁷	N/A	N/A	N/A	N/A
	6/30/00	47	762	715	6.2%	N/A	N/A
	6/30/01	88	767	679	11.5%	N/A	N/A
	6/30/02	0	772	772	0%	N/A	N/A
	6/30/03	0	775	775	0%	N/A	N/A
	6/30/04	0	778	778	0%	N/A	N/A
	1/1/05	0	843	843	0%	N/A	N/A

Please note only 3 valuation years of historical information are required to be disclosed.

⁷ June 30, 1999 Actuarial Accrued Liability based on June 30, 2000 valuation.



City of Alameda Retiree Healthcare Plan

BARTHEL
ASSOCIATES, LLC

**January 1, 2005
Actuarial Valuation**

May 2005

ACTUARIAL VALUATION CERTIFICATE

May 2005

This report presents the City of Alameda Retiree Healthcare Plan January 1, 2005 actuarial valuation results. The purposes of this report are to:

- Determine the plan's January 1, 2005 obligations
- Calculate the City's 2004/05 fiscal year accrual as if the Governmental Accounting Standards Board Statement No. 45 (GASB 45) standard were adopted for this fiscal year
- Provide information that may be helpful to the City for the Retiree Healthcare Plan's future.

Report contents are outlined below:

- A summary of major results is in Section 1
- GASB 45 OPEB accounting treatment, including 2004/05 accrual and projected June 30, 2005 City reserves, is in Section 2
- Details of the actuarial obligations and 10-year benefit payout projections are in Section 3
- Sensitivity analysis in Section 4 compares results using an alternative interest assumption
- Costs and liabilities in this report are based on the demographic data, plan provisions, and funding method/actuarial assumptions shown in Sections 5, 6 and 7
- In Section 8 we discuss GASB 45

This report presents Bartel Associates' best estimate of Retiree Healthcare Plan costs in accordance with accepted actuarial principles and our understanding of GASB 45.

The undersigned are members of the American Academy of Actuaries and meet Academy Qualification Standards to render the actuarial results and opinions in this report.

Respectfully submitted,
Bartel Associates LLC

John E. Bartel, ASA, MAAA
President

Bianca Lin, ASA, MAAA
Actuarial Consultant

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Acronyms used in report

Actuarial/Accounting Terminology

- AAL – Actuarial Accrued Liability
- AOC – Annual OPEB Cost
- ARC – Annual Required Contribution
- EAN – Entry Age Normal Cost Method
- GASB 45 – Governmental Accounting Standards Board Statement No. 45
- NOO – Net OPEB Obligation
- OPEB – Other (than pensions) Post Employment Benefits
- PVPB – Present Value of all Projected Benefits

Miscellaneous Bargaining Groups

- ACEA – Alameda City Employees Association
- APPT – Appointed
- Elected – Elected Officials
- EXME – Executive Management Employees
- HARE –
- IBEW – International Brotherhood of Electrical Workers, Local 1245
- MCEA – Management and Confidential Employees Association
- PANS –
- PT –

Safety Bargaining Groups

- APMA – Alameda Police Management Association
- APOA – Alameda Police Officers Association
- AFMA – Alameda Municipal Fire Management Association
- IAFF – International Association of Firefighters, Local 689

SECTION 1

STAFF SUMMARY

The City of Alameda provides postretirement healthcare benefits to eligible employees, including:

- Miscellaneous employees who service or disability retire directly from the city, and
- Safety employees who service or disability retire directly from the city with varying service requirements depending on bargaining unit and hire date.

Coverage for healthcare is provided through PEMHCA. For miscellaneous employees, the city pays the PEMHCA minimum premium only for healthcare benefits. For Safety employees, the city pays the full PEMHCA premium for retiree and spouse healthcare benefits, and the full cost for retiree and spouse dental benefits. More detailed description of plan benefits is provided in Section 6.

The value of benefits at January 1, 2005 and costs for the 2004/05 fiscal year follow (amounts in \$000's):

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
■ PVPB	\$ 10,921	\$ 97,799	\$ 108,720
Total present value of all expected future benefits based on certain actuarial assumptions, is a measure of total liability or obligation. Essentially, the PVPB is the value (on the valuation date) of the City's promise to current employees and retirees.			
■ AAL	5,368	64,644	70,012
Liability or obligation for benefits earned or allocated through the valuation date, based on certain actuarial methods and assumptions			
■ 2004/05 ARC¹	757	5,918	6,675
Normal Cost (value of benefits being earned or allocated during a year), plus the amortized unfunded liability (or less the amortized excess assets).			
■ 2004/05 AOC	757	5,918	6,675
The first year an agency complies with the new standards, the AOC equals the ARC. In subsequent years, the AOC will equal the ARC, adjusted for prior differences between the ARC and AOC.			
■ 2004/05 expected benefit payments	17	1,304	1,322

The balance of this report provides detail and support for the above results.

¹ The ARC reflects a 20-year, level amortization (as a percent of payroll) of the unfunded AAL.

SECTION 2
ACCOUNTING INFORMATION

The effective date for the GASB 45 accounting standard is fiscal year beginning after December 15, 2006, with deferred effective dates for GASB 34 phase 2 and 3 governments (see Section 8). Adoption before this fiscal year is recommended but optional. Following are the 2004/05 ARC, AOC, and June 30, 2005 NOO, assuming the City adopts the accounting standard for fiscal year 2004/05.

Annual Required Contribution (ARC)

A reasonable method for determining the City's retiree healthcare accrual, consistent with the GASB 45, includes both the Normal Cost and an amortization of the unfunded AAL. Accordingly, the following shows the City's 2004/05 accrual based on a 20-year amortization of the unfunded AAL as a level percentage of payroll (amounts in \$000's).

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
■ Normal Cost	\$470	\$2,459	\$2,929
■ AAL amortization	<u>287</u>	<u>3,459</u>	<u>3,746</u>
■ Total ARC	757	5,918	6,675
■ ARC as % of payroll	2.4%	27.7%	12.8%

Annual OPEB Cost (AOC)

GASB 45 will require the AOC to equal the ARC, except when an agency has a NOO at the beginning of the year. When that happens an agency's AOC will equal the ARC adjusted for expected interest on the NOO and reduced by an amortization of the NOO. This results in the following for fiscal 2004/05 (amounts in \$000's):

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
■ ARC	\$757	\$5,918	\$6,675
■ Interest on NOO	0	0	0
■ Amortization of NOO	<u>0</u>	<u>0</u>	<u>0</u>
■ Total AOC	757	5,918	6,675
■ AOC as % of payroll	2.4%	27.7%	12.8%

Section 2

Accounting Information

Net OPEB Obligation (NOO)

An agency's Net OPEB Obligation is the historical difference between actual contributions made and the ARC. If an agency has always contributed the required contribution, then the NOO equals zero. However, an agency has not "made" the contribution unless it has been set aside *and* cannot legally be used for any other purpose.

Based on the AOC developed above, the City's projected June 30, 2005 NOO is (amounts in \$000's):

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
■ June 30, 2004 NOO ²	\$ 0	\$ 0	\$ 0
■ AOC	757	5,918	6,675
■ Expected interest on NOO	0	0	0
■ Expected benefit payments	<u>17</u>	<u>1,304</u>	<u>1,322</u>
■ Expected June 30, 2005 NOO ³	740	4,614	5,353

² Assumes June 30, 2004 Net OPEB Obligation is zero.

³ Actual reserves would use actual 2004/05 benefit payments.

SECTION 3

PRINCIPAL ACTUARIAL RESULTS

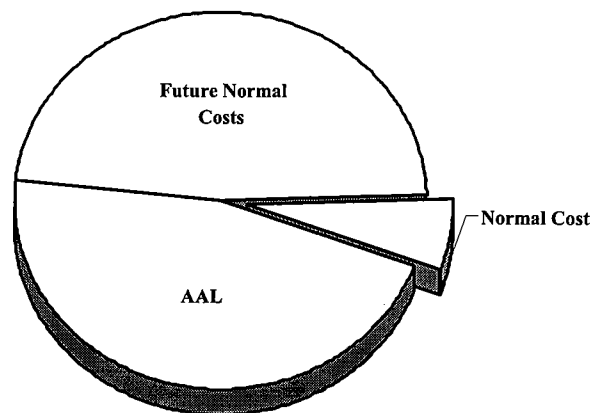
This section presents actuarial obligations and benefit payout projections for the City's retiree healthcare program.

Actuarial Obligations

The following basic actuarial definitions are used:

- The Present Value of all Projected Benefits (PVPB) is the total present value of all expected future benefits, based on certain actuarial assumptions.
- The Actuarial Accrued Liability (AAL) is the liability or obligation for benefits earned or allocated through the valuation date, based on certain actuarial methods and assumptions.
- Normal Cost is the value of benefits expected to be earned or allocated during the year, again based on certain actuarial methods and assumptions.

Our report develops the AAL and Normal Cost using the Entry Age Normal actuarial cost method. It is designed to produce a Normal Cost that, if all assumptions are met, will generally be a level percent of payroll. The following graph illustrates the PVPB, with the shaded area representing the unfunded AAL:



Section 3
Principal Actuarial Results

The following table shows results by participant status (amounts in \$000's).

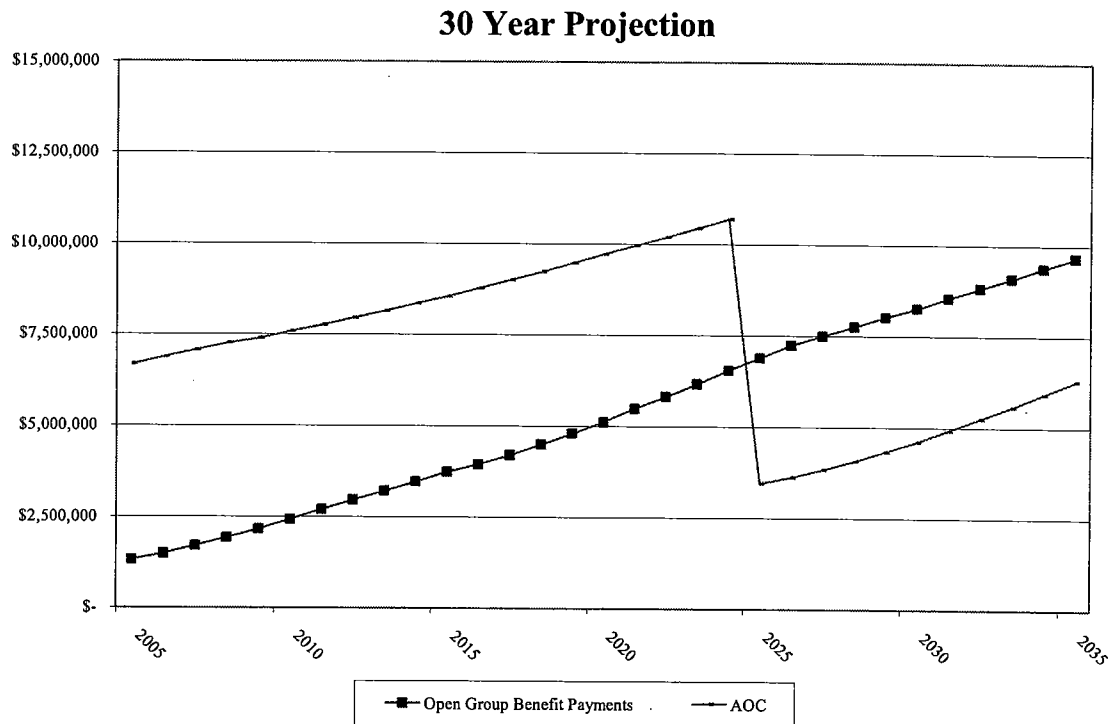
	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
■ PVPB			
➤ Actives	\$ 10,002	\$ 62,169	\$ 72,171
➤ Retirees	<u>919</u>	<u>35,631</u>	<u>36,549</u>
➤ Total	10,921	97,799	108,720
■ AAL			
➤ Actives	4,449	29,013	33,463
➤ Retirees	<u>919</u>	<u>35,631</u>	<u>36,549</u>
➤ Total	5,368	64,644	70,012
■ Assets	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	5,368	64,644	70,012
■ Normal Cost	470	2,459	2,929
■ Payroll	30,899	21,349	52,247
■ Expected benefit payments	17	1,304	1,322

Section 3

Principal Actuarial Results

Cash and Accrual Projections

The following chart shows projected cash flow (benefit payments) and accounting accruals (AOC) over the next 30 years.



The following table lists the projected cash and accruals for the next 10 years (amounts in \$000's).

FYE June 30,	Beginning of Year Net OPEB Obligation	Cash	Annual OPEB Cost (AOC)	Payroll
2005	\$ -	\$ 1,322	\$ 6,675	\$ 52,247
2006	5,353	1,495	6,873	54,335
2007	10,732	1,707	7,063	56,571
2008	16,087	1,928	7,255	58,771
2009	21,415	2,168	7,389	61,005
2010	26,637	2,427	7,571	63,151
2011	31,780	2,703	7,755	65,390
2012	36,833	2,959	7,945	67,687
2013	41,819	3,207	8,141	70,032
2014	46,753	3,462	8,349	72,475

SECTION 4
SENSITIVITY ANALYSIS

Results in this report are based on a 4.0% interest rate. This rate was selected based on the long term expected return on City funds. The following compares the results using a 4.0% and 6.0% interest rate (amounts in \$000's).

	Interest Rate	
	4.0%	6.0%
■ PVPB	\$ 108,720	\$ 70,930
■ Funded Status		
➤ AAL	70,012	51,159
➤ Assets	<u>0</u>	<u>0</u>
➤ Unfunded AAL	70,012	51,159
■ ARC		
➤ Normal Cost	2,929	1,739
➤ UAAL Amortization	<u>3,746</u>	<u>3,246</u>
➤ Total Accrual	6,675	4,985
➤ Accrual as % of payroll	12.8%	9.5%

SECTION 5
DEMOGRAPHIC INFORMATION

Active Demographics

	Miscellaneous										Safety				Total
	ACEA	APPT	Elected	EXME	HARE	IBEW	MCEA	PANS	PT	APMA	APOA	AFMA	IAFF		
Count	228	2	7	12	1	45	145	29	16	9	91	6	94	685	
Ave Age	47.2	54.9	47.3	49.1	70.7	46.1	48.6	42.5	47.7	47.4	38.7	50.2	40.7	45.4	
Ave Svc	10.3	11.6	4.3	6.4	4.5	10.0	9.9	10.5	9.5	22.3	11.0	20.4	12.7	10.7	
Ave Pay	\$70,500	\$187,100	\$2,200	\$150,500	\$16,800	\$69,900	\$83,400	\$57,400	\$19,100	\$165,300	\$101,500	\$156,200	\$103,000	\$83,100	
Total Payroll ('000)	\$16,007	\$374	\$16	\$1,806	\$17	\$3,144	\$12,099	\$1,665	\$287	\$1,488	\$9,237	\$937	\$9,686	\$56,762	

Current Safety Active Coverage

	Single	2 Party	Family	Total
Blue Shield	16	11	86	113
Kaiser	10	10	48	68
PERS Choice	2	3	6	11
PERSCare	0	0	0	0
PORAC	0	0	2	2
WHA	0	0	0	0
Waived	n/a	n/a	n/a	6
Total	28	24	142	200

Section 5
Demographic Information

Retiree Demographics

	Miscellaneous			Safety			Grand Total
	Service Retirement	Disability Retirement	Total	Service Retirement	Disability Retirement	Total	
Count	84	8	92	106	49	155	247 ⁴
Ave Age	70.0	61.9	69.3	64.4	59.4	62.8	65.2
Ave Ret Age	59.8	49.8	58.9	54.0	44.9	51.1	54.0

Current Safety Retiree Coverage

Type of Coverage	Plan	Single	2 Party	Family	Total
Health	Blue Shield	6	18	2	26
	Kaiser	15	50	13	78
	PERS Choice	4	17	2	23
	PERSCare	4	10	1	15
	PORAC	1	4	1	6
	WHA HMO	0	0	1	1
	Non CalPERS	2	4	0	6
	Total Health	32	103	20	155
Dental	Self insured plan	36	106	18	160

⁴ Only includes retirees receiving City subsidy. 517 retirees were provided in data.

Section 5
Demographic Information

		Miscellaneous									
		Service									
Age		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	Total		
Under 25	Count	1	4	-	-	-	-	-	5		
	Average Salary	45,594	46,904	-	-	-	-	-	46,642		
25-29	Count	4	14	1	1	-	-	-	20		
	Average Salary	42,750	57,802	61,560	47,341	-	-	-	54,457		
30-34	Count	1	18	10	2	-	-	-	31		
	Average Salary	54,246	52,648	52,681	56,951	-	-	-	52,988		
35-39	Count	2	23	25	6	2	-	-	58		
	Average Salary	71,825	59,400	59,808	57,344	28,178	-	-	58,715		
40-44	Count	4	27	15	15	6	-	-	67		
	Average Salary	104,562	51,877	81,053	58,483	74,076	-	-	65,021		
45-49	Count	7	25	24	18	13	11	-	98		
	Average Salary	54,295	71,039	68,412	60,980	60,459	65,748	-	65,355		
50-54	Count	2	18	19	18	16	14	12	99		
	Average Salary	113,024	67,627	71,147	65,798	71,521	65,359	68,595	69,313		
55-59	Count	1	14	12	7	13	8	8	63		
	Average Salary	102,091	64,589	87,692	58,073	71,257	67,332	59,221	69,903		
60-64	Count	1	9	4	5	7	4	2	32		
	Average Salary	1,200	65,506	83,368	59,631	52,072	72,184	76,318	63,383		
65 & Over	Count	-	3	1	3	2	3	-	12		
	Average Salary	-	42,356	46,519	20,451	46,586	48,223	-	39,399		
Total	Count	23	155	111	75	59	40	22	485		
	Average Salary	67,049	60,165	69,598	59,074	64,663	65,258	65,888	63,708		

Section 5
Demographic Information

Safety

Age		Service									
		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	Total		
Under 25	Count	2	1	-	-	-	-	-	3		
	Average Salary	78,809	92,638	-	-	-	-	-	83,419		
25-29	Count	1	10	1	-	-	-	-	12		
	Average Salary	76,885	87,826	96,672	-	-	-	-	87,651		
30-34	Count	-	13	17	4	-	-	-	34		
	Average Salary	-	93,454	97,678	110,882	-	-	-	97,616		
35-39	Count	-	9	28	12	2	-	-	51		
	Average Salary	-	93,862	100,251	101,186	106,402	-	-	99,585		
40-44	Count	-	2	11	8	16	8	-	45		
	Average Salary	-	93,454	98,490	102,114	112,536	130,941	-	109,674		
45-49	Count	-	-	-	5	5	17	9	36		
	Average Salary	-	-	-	102,987	105,931	123,131	134,421	120,767		
50-54	Count	-	-	-	1	1	4	6	12		
	Average Salary	-	-	-	100,849	89,578	118,866	128,702	119,842		
55-59	Count	-	1	-	1	-	1	3	6		
	Average Salary	-	180,896	-	194,246	-	97,995	118,271	137,992		
60-64	Count	-	-	-	-	-	-	1	1		
	Average Salary	-	-	-	-	-	-	99,875	99,875		
65 & Over	Count	-	-	-	-	-	-	-	-		
	Average Salary	-	-	-	-	-	-	-	-		
Total	Count	3	36	57	31	24	30	19	200		
	Average Salary	78,168	94,399	99,081	105,958	109,692	123,807	128,247	106,744		

Section 5
Demographic Information

		Total									
		Service									
Age		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	Total		
Under 25	Count	3	5	-	-	-	-	-	8		
	Average Salary	67,737	56,051	-	-	-	-	-	60,433		
25-29	Count	5	24	2	1	-	-	-	32		
	Average Salary	49,577	70,312	79,116	47,341	-	-	-	66,905		
30-34	Count	1	31	27	6	-	-	-	65		
	Average Salary	54,246	69,760	81,013	92,905	-	-	-	76,332		
35-39	Count	2	32	53	18	4	-	-	109		
	Average Salary	71,825	69,093	81,174	86,572	67,290	-	-	77,838		
40-44	Count	4	29	26	23	22	8	-	112		
	Average Salary	104,562	54,744	88,430	73,659	102,047	130,941	-	82,962		
45-49	Count	7	25	24	23	18	28	9	134		
	Average Salary	54,295	71,039	68,412	70,112	73,090	100,588	134,421	80,242		
50-54	Count	2	18	19	19	17	18	18	111		
	Average Salary	113,024	67,627	71,147	67,643	72,583	77,249	88,631	74,776		
55-59	Count	1	15	12	8	13	9	11	69		
	Average Salary	102,091	72,343	87,692	75,095	71,257	70,739	75,325	75,824		
60-64	Count	1	9	4	5	7	4	3	33		
	Average Salary	1,200	65,506	83,368	59,631	52,072	72,184	84,170	64,489		
65 & Over	Count	-	3	1	3	2	3	-	12		
	Average Salary	-	42,356	46,519	20,451	46,586	48,223	-	39,399		
Total	Count	26	191	168	106	83	70	41	685		
	Average Salary	68,332	66,617	79,601	72,786	77,684	90,350	94,786	76,273		

SECTION 6 PLAN PROVISIONS

This section summarizes plan provisions.

Summary of Plan Provisions:

	Miscellaneous	Safety			
		APOA	APMA	AFMA	IAFF
Eligibility	<ul style="list-style-type: none"> Service (age 50 with 5 years of service) or disability retire directly from the city 				
Service Requirement	None	<ul style="list-style-type: none"> Hired < 7/1/1995 – 15 YOS Hired ≥ 7/1/1995 – 20 YOS 	<ul style="list-style-type: none"> Hired < 7/1/1995 – None Hired ≥ 7/1/1995 – 20 YOS 	None	None
Health Coverage	PEMHCA	PEMHCA	PEMHCA	PEMHCA	PEMHCA
Health Benefit	City pays PEMHCA Minimum only. APPT has same benefit as Safety.				
Dental	No, except APPT which has same benefit as Safety.				
City pays full monthly premium for retiree and spouse. After age 65, City pays Medicare Supplement.					
Yes, city pays full cost for retiree and spouse. Dependent coverage can be included with additional cost.					

PEMHCA Healthcare Premiums – Bay Area/Sacramento Region

Plan	2004		2005	
	< 65	≥ 65	< 65	≥ 65
Blue Shield	\$315.22	\$319.97	\$389.96	\$287.78
Kaiser	305.42	273.86	354.69	243.22
PERS Choice	349.41	305.67	369.74	279.60
PERSCare	544.77	336.07	619.93	289.32
PORAC	399.00	351.00	399.00	351.00
WHA	280.41	280.24	322.44	280.24

PEMHCA Minimum Premiums

Year	Active Employee	Retirees ⁵
2004	\$32.20	\$11.41
2005	48.40	13.83
2006	64.60	17.06
2007	80.80	21.10
2008	97.00	25.95

⁵ PEMHCA Minimum for retirees = prior year retiree PEMHCA minimum increased by 5% of current active PEMHCA minimum.
For example: 2005 City monthly retiree contribution = \$11.41+ (\$48.40 x 5%) = \$13.83.

SECTION 7
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

The actuarial cost method used for this valuation is Entry Age Normal. Under the EAN cost method, the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. The Actuarial Accrued Liability is the cumulative value, on the valuation date, of prior Normal Costs. For retirees, the AAL is the present value of all projected benefits.

The unfunded AAL is amortized over 20 years as a level percent of payroll. This is consistent with GASB 45 and this plan's demographics.

The plan is assumed to be ongoing for cost purposes. This does not imply that an obligation to continue the plan exists.

Actuarial Assumptions

Assumptions used in the valuation are as follows:

■ Interest rate		
4.0%, representing the long-term expected rate of return on City funds. The GASB OPEB standard requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. Unless the City sets up a separate trust, this source is City funds.		
■ Demographic assumptions		
CalPERS 1997-2002 experience study for salary increases, withdrawal, mortality, disability, and retirement rates (2%@55 for miscellaneous and 3%@50 for safety).		
■ Healthcare cost increases		
<u>Year</u>	<u>HMO</u>	<u>PPO</u>
2005	13.0%	14.0%
2006	12.1	13.1
2007	11.2	12.2
2008	10.3	11.3
2009	9.4	10.4
2010	8.5	9.5
2011	7.6	8.6
2012	6.7	7.7
2013	5.8	6.8
2014	4.9	5.9
2015+	4.0	5.0
■ Dental claim cost		
➤ \$31/month/person		
■ Dental cost increase		
➤ 3% per year		

Section 7
Actuarial Methods and Assumptions

<ul style="list-style-type: none">■ Participation<ul style="list-style-type: none">➤ Covered: 100%➤ Not covered: 80%
<ul style="list-style-type: none">■ Dependents<ul style="list-style-type: none">➤ Actives:<ul style="list-style-type: none">■ Covered<ul style="list-style-type: none">–current marital status■ Not covered<ul style="list-style-type: none">–80% married➤ Retirees: current marital status
<ul style="list-style-type: none">■ Medicare Eligible<ul style="list-style-type: none">➤ 100% eligible for Medicare
<ul style="list-style-type: none">■ Medical Plan at Retirement<ul style="list-style-type: none">➤ Currently covered - same➤ Waived – 80% covered at retirement using average premium rates for covered employees
<ul style="list-style-type: none">■ Spouse Age<ul style="list-style-type: none">➤ Females 3 years younger than males.
<ul style="list-style-type: none">■ Aggregate Payroll<ul style="list-style-type: none">➤ Assumed to increase 3.25% per annum (used to amortize unfunded AAL)

SECTION 8

GASB OPEB SUMMARY

On June 21, 2004, the Governmental Accounting Standards Board approved Statement No. 45 (GASB 45), accounting standards for *other* (than pensions) *postemployment benefits* (OPEB). Accounting for these benefits – primarily postretirement medical – can have significant impact on state and local government financial statements. This section summarizes GASB 45.

Background

Historically, most public sector entities have accounted for OPEB using a “pay-as-you-go” approach; very few have prefunded or even accrued for these benefits. This means OPEB costs are ignored while an employee renders service and recognized only after an employee retires. GASB argues this delayed recognition shifts “costs” from one taxpaying generation to another. The GASB position is that OPEB, like pension benefits, are a form of deferred compensation. Accordingly, GASB 45 requires recognizing OPEB (in the financial statement) *as employees render service* (and consequently earn the benefit), rather than when paid.

Effective Dates

GASB 45 effective dates are phased in similar to GASB’s Statement No. 34:

- Fiscal years beginning after December 15, 2006 for GASB 34 phase 1 governments (total annual revenue of \$100 million or more)
- Fiscal years beginning after December 15, 2007 for GASB 34 phase 2 governments (total annual revenue of \$10 million to \$100 million)
- Fiscal years beginning after December 15, 2008 for GASB 34 phase 3 governments (total annual revenue less than \$10 million).

What Benefits are OPEB?

OPEB includes most postemployment benefits, other than pensions, that employees are entitled to after leaving employment:

- Retiree medical
- Dental
- Prescription drug
- Vision
- Life insurance
- Outside group legal
- Long-term care
- Disability benefits outside a pension plan

OPEB does not include vacation, sick leave, COBRA, or ad hoc early retirement incentives, which fall under other GASB accounting statements.

Accounting Standards

Under GASB 45, pay-as-you-go accounting is replaced with accrual accounting. This is virtually

Section 8

GASB OPEB Summary

identical to GASB's approach under Statement No. 27, with the key financial statement components being an Annual Required Contribution, an Annual OPEB Cost, and a Net OPEB Obligation.

- **Annual Required Contribution (ARC):** GASB 45 doesn't require an agency to make up any shortfall (unfunded Actuarial Liability) immediately, nor does it allow an immediate credit for any excess Plan Assets. Instead, the difference is amortized over time. An agency's ARC is nothing more complicated than the employer current Normal Cost (value of benefits being "earned" during a year), plus the amortized unfunded Actuarial Liability (or less the amortized excess Plan Assets). Simply put, ARC is the value of benefits earned during the year plus (or minus) something to move the plan toward being on track for funding. GASB 45 allows actuaries to amortize the unfunded Actuarial Liability (or excess Plan Assets) on a level dollar or level percent of payroll basis. We believe most agencies will want to use a level percent of payroll amortization because it's more consistent with the budget process and how pension contributions are usually calculated. ARC must be based on the underlying OPEB promise (as understood by the plan sponsor and employees).
- **Annual OPEB Cost (AOC):** The first year an agency complies with the new standards, the AOC equals the ARC. In subsequent years, the AOC will equal the ARC, adjusted for prior differences between the ARC and AOC.
- **Net OPEB Obligation (NOO):** An agency's NOO is the historical difference between actual contributions made and the ARC. If an agency has always contributed the ARC, the NOO equals zero. However, an agency has not "made" the contribution unless it has been set aside *and* cannot legally be used for any other purpose.

Implementation Process

The implementation process will be relatively straightforward: An agency will hire an actuary to calculate the ARC. The first time an agency does this, their AOC equals their ARC. The agency then decides whether to contribute all, none, or part of the ARC into a Trust that cannot legally be used for any purpose other than paying OPEB.

If an agency always contributes the ARC, then each subsequent year's AOC equals their ARC – and the NOO is zero. The first year an agency does *not* contribute the ARC, they must establish an NOO equal to the difference between their actual contribution and the ARC. The subsequent year's AOC equals the ARC, adjusted for interest and amortization of the NOO.

Disclosure Requirements

This may be the most important aspect of GASB 45. When disclosed, some agencies will show large OPEB unfunded liabilities, while others will show small or no unfunded liabilities. These differences *may* require an adjustment in an agency's bond rating. Plan sponsors must disclose in their financial statement footnotes:

- Basic plan information
 - Plan type
 - Benefits provided
 - Authority under which benefits were established

Section 8

GASB OPEB Summary

- Plan funding/contribution policy information:
 - Required contribution rates for active members and employers shown in dollars or as a percent of payroll
- Plan Funded Status information:
 - AOC and the dollar contributions actually made
 - If the employer has a NOO, also
 - Components of the AOC
 - NOO increase or decrease during the year
 - End of year NOO
 - 3-year history of
 - AOC
 - Percent of AOC contributed during the year
 - End of year NOO
 - Most recent year's plan Funded Status
 - Actuarial methods and assumptions used to determine the ARC, AOC, and Funded Status.

In addition, plan sponsors must provide 3 years of historical required supplementary information:

- Valuation dates
- Actuarial asset values
- Actuarial Liability
- Unfunded Actuarial Liability (excess Plan Assets)
- Plan funded ratio
- Annual covered payroll
- Ratio of unfunded Actuarial Liability (excess Plan Assets) to annual covered payroll
- Factors that significantly affect comparing the above information across the years.

Defining the Plan

GASB 45 refers to the *substantive plan* as the basis for accounting. It may differ from the *written plan* in that it reflects the employer's cost sharing policy based on:

- Past practice or communication of intended changes to a plan's cost sharing provisions, or
- Past practice of cost increases in monetary benefits.

The substantive plan is the basis for allowing recognition of potential future plan changes. This approach requires entities to acknowledge the underlying promise, not just the written plan.

What if retirees participate in the active healthcare plan, but are charged a rate based on composite active and retiree experience? (This was a contentious issue during the statement drafting, with one of the 7 board members dissenting from Board adoption of the final statement.) In general, GASB 45 requires recognition of the implied subsidy. However, if benefits are provided through a community rated plan (premium rates based on experience of multiple employers rather than a single employer), and the same premium is charged for active and retired participants, it is appropriate to value unadjusted premiums.

Actuarial Assumptions and Discount Rate Requirements

Under GASB 45, the actuary must follow current actuarial standards of practice, which generally call for explicit assumptions – meaning each individual assumption represents the actuary’s best estimate.

GASB 45 also requires basing the discount rate on the source of funds used to pay the benefits. This means the underlying expected long-term rate of return on Plan Assets for funded plans. Since the source of funds for unfunded plans is usually an agency’s general fund, and California and most other state law restricts what investments agencies can have in their general fund, unfunded plans will need to use a low (for example, 5%) discount rate. If an agency sets up a Trust and diversifies Trust Plan Assets, however, the discount rate might be much higher (such as 7%) depending on the Trust fund’s expected long-term investment return.

Transition Issues

Typically, new accounting standards allow transition from old to new requirements. Because historical ARC calculations will rarely be available, GASB 45 takes a prospective transition approach: there is no requirement for an initial transition obligation. But if AOCs, before transition, were calculated consistently with the standard, a NOO at transition can be established at an agency’s discretion.

Valuation Frequency Requirements and Small Plans

GASB 45 requires an actuarial valuation at least every 2 years for plans with more than 200 (active, inactive, and retired) members. Plans with fewer than 200 members will need a valuation every 3 years. In a significant departure from prior standards, though, GASB 45 allows plans with fewer than 100 members to elect a simplified measurement method – not requiring an actuarial certification.

CITY OF ALAMEDA

MEMORANDUM

Date: May 6, 2005

TO: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Presentation of the Proposed Operating and Capital Improvements Budget for
Fiscal Year 2005-2006

BACKGROUND

The City Council considered a two year financial plan for the Fiscal Years 2004-2005 and 2005-2006 in May 2004. In July 2004, the Operating Budget and Capital Improvement Budgets for Fiscal Year 2004-2005 were adopted and funds appropriated. During the past year, several major amendments to that budget have occurred. As a result, staff has constructed a new Fiscal Year 2005-2006 operating and capital improvement budget for your consideration.

DISCUSSION/ANALYSIS

Revenues

General Fund revenues are estimated to increase 4.04% over the Fiscal Year 2004-2005 estimates to a total of \$68,610,023. The major revenue items are as follows:

➤ Property Taxes	\$17,330,740	25.3% of the total
➤ Utility Users Tax	\$ 7,939,000	11.6% of the total
➤ Current Services	\$ 7,638,216	11.1% of the total
➤ Sales Taxes	\$ 6,028,946	8.8% of the total
➤ Property Transfer Tax	\$ 4,969,907	7.2% of the total

All of these sources with the exception of Property Taxes are volatile. They will fluctuate with severe economic changes. Therefore, these estimates are relatively conservative.

Other major revenues

Redevelopment, Community Development, Commercial Revitalization, Alameda Reuse and Redevelopment, and FISC, all under the aegis of Development Services, total \$47,293,449. The majority of this revenue is from property tax increments, lease revenues, drawdowns from previously sold bonds, federal grants and other state or county grants. The details of these revenues can be found in a comprehensive overview.

Measure B (ACTIA) provides approximately \$2.2 million in revenues to be used for specific transportation purposes. The majority of these funds are used for Capital Improvement Projects.

Enterprise Funds (Golf, Sewer Service, and Ferry Services) have significant revenues that are from rates set by the Council to meet operating and capital costs. The proposed budget does not include any proposed rate increases for these activities.

Total Revenues for all funds, including, for memo purposes only the Housing Authority and Alameda Power & Telecom, total \$270,693,088.

Appropriations

The underlying assumption is that only those ongoing programs and costs that can be realistically paid by ongoing revenues are included herein. In order to achieve a balanced budget, there were several measures employed. These reductions total \$1,976,156 and are detailed on the attachment. They involve not funding 12 police and fire positions, leaving two manager positions vacant and not funding four positions including three layoffs.

The General Fund Operating Budget has increased 4.1% over the prior year's amended operating budget. The total General Fund Operating Budget as proposed totals \$68,865,895. In addition, the General Fund Equipment Replacement budget has increased 30% from \$395,600 to \$515,537.

In comparison to the prior year's amended budget, various categories represented the following proportion of the total General Fund Operating Budget:

Category	FY 04-05	FY 05-06
Administration	9.5%	8.8%
Public Safety	56.8%	59.9%
Planning & Building	4.3%	4.8%
Public Works	8.4%	7.9%
Recreation& Parks	5.4%	5.2%
Maintenance Projects	1.7%	1.5%
Non Departmental	0.6%	0.3%
Debt Service	1.5%	1.4%
Library	2.2%	2.2%
Fire Police Pension	6.9%	4.3%
Retiree Health Care	0.0%	2.1%
Risk Management	1.2%	1.2%
Capital Improvement	1.4%	0.3%
Urban Runoff	0.1%	0.1%
TOTAL	100%	100%

General Fund increases for 2005-06 include:

a) PERS increase:	
Miscellaneous	\$855,637
Public Safety	<u>(\$383,104)</u>
Total	\$472,533
b) Capital Outlay	\$ 74,084
c) Retiree Health Care	\$256,778
d) Plan 1079 and 1082	(\$589,200)
e) Maintenance Projects	(\$111,222)

Other funds appropriations

Redevelopment, Community Development, Commercial Revitalization, Alameda Reuse and Redevelopment, and FISC, all under the aegis of Development Services, total \$58,990,554. The majority of these expenditures represent projects and programs approved by the Community Improvement Commission and the Alameda Reuse and Redevelopment Authority,

Capital Improvement Projects total \$4,116,493 and include work on the Congestion Management Program, Krusi Recreation Center Replacement, Street Resurfacing, Sidewalk Repairs, and Sewer and Storm Drain Upgrades.

Enterprise Funds (Golf, Sewer Service, and Ferry Services) have significant appropriations to accomplish their specific missions. The total appropriations are \$12,034,108.

Total Appropriations for all funds, including, for memo purposes only the Housing Authority and Alameda Power & Telecom, total \$287,494,060.

BUDGET/FISCAL IMPACT

The Proposed Budget as presented is balanced. If adopted as presented, there will be no impact on the General Fund reserves, which represents 26.9% of the operating budget. Any reductions of revenues or increases to expenditures will require an equal and offsetting increase to revenues or decrease in expenditures. The alternative is to authorize the use of reserves for one-time expenditures.

RECOMMENDATION

The Acting City Manager recommends the City Council review the document as presented and hear from the Departments regarding the impacts of this budget; and, further, to adopt the Operating and Capital Improvement Budget for Fiscal Year 2005-2006 at its June 7, 2005 meeting.

Respectfully submitted,

William C. Norton
Acting City Manager


By: JuelleAnn Boyer
Chief Financial Officer

JB/dl

Attachments: General Fund Budget Summary

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GENERAL FUND
ESTIMATED REVENUE & EXPENDITURES
FY 06

	FY 05/06					FY 04/05		
	Operat'g	Depr	Capital	Eqmnt	Total	Operat'g	Depr	Total
Revenues	\$		Outlay	Replace	Budget			Budget

	\$ 68,610,023	771,409			\$ 69,381,432	\$65,054,212	1,502,875	\$ 66,557,087
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Expenditures

City Council	123,539	167			123,706	136,942	167	137,109
City Manager/Contingency	850,093	3,408	2,000		855,501	1,051,316		1,051,316
City Clerk/Elections	348,503			5,750	354,253	366,980	218	373,598
City Attorney	867,933	11,819		5,100	884,852	951,352	12,191	975,382
Finance	2,015,879	7,616			2,023,495	1,851,220	4,809	1,857,729
Human Resources	1,031,499	3,499			1,034,998	1,134,316	3,855	1,138,171
Info Tech	799,918	9,376			809,294	777,821	15,752	793,573

Total Administration:	6,037,364	35,885	2,000	10,850	6,086,099	6,269,947	36,992	6,326,878
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Police	21,801,521	298,414	-	109,490	22,209,425	19,825,087	381,331	20,459,583
Fire	18,650,830	307,170	49,750	363,197	19,370,947	16,455,727	671,391	17,345,548
Pensions	2,975,800				2,975,800	4,570,000		4,570,000

Total Public Safety:	43,428,151	605,584	49,750	472,687	44,556,172	40,850,814	1,052,722	42,375,131
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Planning & Building	3,283,217	24,816			3,308,033	2,848,054	30,264	2,878,318
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Public Works	5,384,008	77,851		32,000	5,493,859	5,420,194	125,504	5,571,698
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Recreation	3,595,844	27,272	3,500		3,626,616	3,589,791	39,893	3,637,084
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GF Sub Total:	61,728,584	771,408	55,250	515,537	63,070,779	58,978,800	1,285,375	60,789,109
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Maintenance	993,000				993,000	1,073,163		1,073,163
PW Maintenance	45,000				45,000	26,059		26,059
ARP	0			0	0	50,000		50,000

Total Maintenance:	1,038,000				1,038,000	1,149,222		1,149,222
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Non Departmental								1,73%
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Museum	46,152				46,152	46,152		46,152
Affordable Housing	1,000				1,000	1,000		1,000
County Tax collector	150,000				150,000	150,000		150,000
SSHRB	33,048				33,048	9,200		9,200
ACEA Resolution	0				0	157,610		157,610

Sub Total:	230,200				230,200	363,962		363,962
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Transfers Out	969,180				969,180	973,848		973,848
Debt Service - City Hall etc	1,556,495				1,556,495	1,487,851		1,487,851
Library	1,441,778				1,441,778	0		0
Other post employment benefits	810,000				810,000	808,880		808,880
Risk Management	200,000				200,000	919,215		919,215
Capital Improvement	65,000				65,000	65,000		65,000
Urban Runoff	5,042,453				5,042,453	4,254,794		4,254,794

Sub Total:	68,039,237	771,408	55,250	515,537	69,381,432	64,746,778	1,285,375	66,557,087
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Grand Total:								100.00%
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								"ZERO"
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GAP REDUCTION MEASURES INCLUDED ABOVE

Police - reduce 5 vacant positions	625,630
Fire - reduce 6 sworn vacant positions + 1 non sworn	679,749
Vacancies: Planning Mgr	125,443
ARP Director	186,341
Reductions In Force	358,993
	<u>1,976,156</u>

CITY OF ALAMEDA

MEMORANDUM

Date: May 9, 2005

To: Honorable Mayor and
Councilmembers

From: William C. Norton
Acting City Manager

Re: Update on City's Infrastructure Investment Challenges

BACKGROUND

The City of Alameda is the guardian of an extensive infrastructure system that was established largely by and for our citizens. According to the June 30, 2004 Comprehensive Annual Finance Report (CAFR), the City's infrastructure discussed in this report is valued at \$518 million. This represents a sizeable investment that directly affects Alamedans' quality of life and requires on-going maintenance to insure its long-term sustainability. A proactive maintenance program is very costly and the City does not have the necessary funds available to implement such a program.

The City of Alameda is not an anomaly in our infrastructure concerns. Throughout California, local streets and roads are urgently in need of repair. Based on the most recent statewide survey of counties and cities, there is a current backlog of \$13 billion in locally needed pavement repairs. Furthermore, instead of increasing funding to meet the demand of infrastructure needs, the trend in state funding has declined over the years. According to the League of California Cities' May 2005 edition of "Western City", state per capita spending on infrastructure has been consistently declining from a peak in the 1950s of \$180 per capita (in 1996 dollars) to less than \$20 per capita in the 1980s and 1990s.

DISCUSSION/ANALYSIS

Overall Assessment of Required Maintenance Costs:

During the CIP budgetary process and through various Off-Agenda Reports, the City Manager's Office has advised past City Councils of the need to allocate additional funds beyond the historic allocations to sustain the City's infrastructure. To continue this flow of information, the Acting City Manager directed the Public Works Department to prepare this report summarizing the collective challenges associated with our infrastructure investment. Staff reviewed the City's existing infrastructure records and developed an updated assessment of underfunded maintenance needs based on maintenance records and past Master Plan studies. Exhibit "A" reflects this assessment and contains the tabulation of the following:

Dedicated to Excellence, Committed to Service

- Preventative Maintenance of the City's Infrastructure investments that is underfunded
- Required annual amounts to maintain the infrastructure system at "Good" condition
- Budgeted annual amount per type of infrastructure
- Overall amount of deferred maintenance to bring infrastructure to "Good" condition
- Eligible and potential funding sources

The tabulations in Exhibit A show that City of Alameda will need to fund approximately \$33 million to bring the existing infrastructure to a "Good" condition. A "Good" condition constitutes an infrastructure system which:

- Functions and performs as designed without interruption to service
- Requires minimum on-going maintenance and operation costs
- Contains very low financial, health and safety risk

Furthermore, the tabulations indicate that the current budgeted annual amounts do not adequately fund the on-going maintenance needs of our infrastructure investments by \$2,700,000 dollars to maintain the existing infrastructure at its current condition.

Although the approach to calculate the overall deferred maintenance was conducted through a simplified straight-line deduction method, and adjusted by the current construction cost index, the actual reduction in infrastructure integrity due to lack of on-going maintenance is not linear and the amount of deferred maintenance may be greater. To fully and more accurately assess the total amount of all the City's infrastructure investment challenges more detailed studies are necessary. Of course, additional funding will be necessary to prepare the required studies. Anticipating this need, the Public Works Department updated the pavement conditions report in 2004 (previously updated in 2000) and City Council recently authorized funding for the development of the Sanitary Sewer Master Plan. Staff estimates the sewer study will commence during fiscal year 2005-2006.

Street Resurfacing Program:

The annual street resurfacing program is based on the Metropolitan Transportation Commission's (MTC) Pavement Management Program (PMP) which was updated in 2004. Most cities in the Bay Area use this program and, in fact, the City is required to use it to be eligible for grant funds to resurface streets. The program evaluates street segments for three street types (arterial, collector, and residential) using the asset management methodology as opposed to a straight-line deduction methodology. Based on field observations of the street pavement surface, the amount, type and severity of distress of each street segment is estimated. In addition, information on traffic loading (including adjustments for buses and trucks) and pavement design criteria (including soils and pavement thickness) is provided. This information is used by the program to calculate a pavement condition index (PCI). Please note, this rating is a general approximation of the overall condition of the street pavement.

PCI ratings are described as follows:

76-100	Excellent
71-75	Very Good – MTC’s Target Rating for Bay Area Cities
50-70	Good
25-49	Poor
0-24	Very Poor

Currently the City’s street system is categorized as follows:

35.35% (47.53 miles)	Excellent
15.83% (21.28 miles)	Very Good - MTC’s Target Rating for Bay Area Cities
38.25% (51.43 miles)	Good
9.91% (13.33 miles)	Poor
0.66% (0.89 miles)	Very Poor

According to MTC, Alameda’s City overall pavement system is rated 68, which ranks it slightly above the Bay Area average. A copy of the complete PMP is on file in the Public Works Department.

The City uses the PMP as a guideline in determining what street segments should be included in our annual resurfacing program. The City adjusts the selection of streets based upon additional information including utility trenching plans, development plans, new surface distress observations and cost constraints. The City then determines the appropriate repair method based on an evaluation of effectiveness of different types of repair. The effectiveness is dependent upon the type of failure (base, surface, weathering, lateral dislocation, etc.), estimated longevity of the repair, estimated life cycle increase associated with the repair, and the estimated cost of the repair. Types of repair included in the annual program are: breakout and reconstruction of failed areas only; grind and replace asphalt surface; asphalt overlay; and, to a lesser extent, slurry seal and crack seal. In many cities, slurry seal and crack seal are performed by Public Works maintenance staff; however, Alameda does not have the expertise, staff or equipment available to perform this work.

Major repair costs range from \$12 to \$80 per square yard (SY) depending on the type of repair (reconstruction, grind and replace, or overlay). The estimated cost to repair the City’s streets rated poor to very poor is nearly \$2,500,000. The costs to repair the City’s streets rated good but less than our current PCI of 68 is another \$10,500,000.

Asset Management Versus Straight-Line Deduction - Annual Funding for Resurfacing:

The differences between calculations using the straight-line deduction method versus the asset management method can be illustrated by the street resurfacing program. Using the 2004 PMP and

the City's historical annual funding of between \$350,000 to \$500,000 for resurfacing; after 10 years of appropriating \$500,000 annually for street resurfacing, the City's overall pavement condition will be reduced from the current "good" PCI of 68 to a (borderline) "good" PCI of 50. This will consequently increase the pavement shortfall from \$13 million dollars to \$74.9 million dollars. If calculated using the straight-line deduction method, the pavement shortfall would be estimated at \$43.1 million dollars. The PMP calculation reflects a higher yet more accurate pavement shortfall values because the method incorporates the escalating costs as the pavement ages.

Additionally, the street resurfacing program also exemplifies the notion of "pay now or pay more later". According to the PMP information, the City should be allocating \$2.75 million annually for street resurfacing and preventative maintenance. As shown in the chart below, if this funding level was provided annually for 10 years, the existing "good" pavement condition index (PCI) of 68 would be maintained. However, since we are not able to bring all our streets to a "good" condition the total pavement shortfall would be \$37 million dollars. Comparing the two alternatives shows that although the City will be spending \$22 million dollars more (over 10 years) with the PMP recommended amount, it will actual yield a total savings of \$15.9 million dollars after 10 years, the difference in the total amount of shortfall (\$37.9 million) less the difference in expenses over 10 years (\$22 million).

Pavement Management Program, Based on 10-Year Plan

	Historic Funding	PMS Recommended Funding	Cost Difference
Annual Amount	\$ 0.5 million per year	\$ 2.7 million per year	\$ 2.2 million per year
10-Year Amount	\$ 5.0 million	\$27.0 million	\$ 22.0 million
Shortfall	\$74.9 million	\$37.0 million	\$ 37.9 million
Savings from using recommended budget in 10 years =			\$15.9 million

Exhibit B, a graph prepared by the California State Association of Counties and League of California Cities, illustrates the impact of deferred maintenance, as road quality deteriorates over time, it becomes more costly to make the needed repairs. Exhibit C, the pavement deterioration curve, shows that after a street has reached a certain level of deterioration it rapidly declines over time.

Pothole Repair Program:

Because the City was not adequately funding its preventative maintenance program for street resurfacing, the City Manager recommended and Council approved the establishment of a dedicated pothole repair crew of two (2) maintenance workers in 2001. However, with the recent 20% reductions in Public Works Department personnel, we have been required to combine the work of pothole crew and the sidewalk repair crew. The crew responds to customer service calls as well as making their own scheduled inspections. Inspections are targeted first to main arterials then

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collectors and finally local streets. The goal is to have repairs made within 5 days, when asphalt material is available. Asphalt plants periodically close because of plant failure or because large paving projects require exclusive use of the facility. On average, the City patches 84 potholes per month (based on 2004 data). A complete list of locations requiring repair is kept on file in the Maintenance Superintendent's office. Since patching is not feasible during the rainy season, this activity occurs primarily during April to October. A new pothole patching vehicle was purchased by the City in 2002.

Sidewalk Repair Program:

The City has approximately 250 miles of sidewalks. The City's process for evaluating sidewalk condition is based upon regular field inspection by City inspectors and resident telephone calls. Based on case law, and in consultation with the Risk Manager, Alameda (as do most cities) considers a displacement in the sidewalk of three-quarter inch (3/4") or greater to be deficient. For purposes of sidewalk inspection, the City is divided into five geographic areas, (Alameda Point, West End, Central Island, East End, and Bay Farm Island). Each area is walked once every five (5) years. In addition to the geographic inspections, high use pedestrian areas are inspected annually. High use pedestrian areas include the blocks adjacent to schools, parks, institutions (hospitals, etc.), and major retail commercial districts. This inspection program was developed in consultation with the Risk Manager.

City Repairs:

The City repairs sidewalk displacements of 3/4" or greater when said displacement is caused solely by a City owned street tree. City forces make the repair. Repairs generally fall into the following categories:

1. Temporary asphalt repair consists of placing asphalt fillets at locations where a sidewalk portion has lifted or settled by more than 3/4 -inch from the adjacent sidewalk section. The Maintenance Division performs these repairs within four weeks of receiving a complaint.
2. Permanent grinding repair consists of grinding a section of concrete to eliminate vertical differences between two sidewalk sections of 3/4 -inch or less. Grinding larger vertical separations is not considered feasible because of equipment limitations and possible structural failure of reduced section thickness. The Maintenance Division performs these repairs within four weeks of receiving a complaint.
3. Permanent concrete replacement repair consists of removal and replacement of the sidewalk sections. This work is performed by an annual fiscal year contractor. Accounting for design, administration, and inspection, the cost per location is approximately \$1,000.

As of mid-April 2005, there are 1670 pending locations, some dating back to the middle of 2001 requiring permanent repair. In order to complete all pending repairs, additional funds of \$1,500,000 would be needed. Since the repair program looks at one of five districts every year, staff estimates that there could be an additional \$1,500,000 in unknown additional sidewalk repairs citywide.

Property Owner Repairs:

Section 5600 of the California Streets and Highways Code states owners of lots fronting public streets "shall maintain any sidewalk in such condition that the sidewalk will not endanger persons or property and maintain it in a condition which will not interfere with public convenience." The City of Alameda has reduced property owners' responsibility by agreeing to make repairs to sidewalk displacements caused by a City street tree. For property owner repairs, the City issues sidewalk repair tags to the property owner and requests the repair be performed within 15 days. The City offers the use (and associated cheaper price) of the annual sidewalk repair contract to property owners provided they pre-pay for their location. Approximately 120 property owner responsible locations were repaired through this pre-payment approach this past fiscal year.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The tabulations in Exhibit A show that City of Alameda will need to fund approximately \$33 million to bring the existing infrastructure to a uniformly acceptable condition. At the current level of funding, the condition of the City's infrastructure is deteriorating at a rate greater than the present rehabilitation efforts. This trend will continue to accelerate with time, unless the optimum level of funding is achieved. The optimum level of funding would be an amount that allows the infrastructure to function and perform as designed without interruption to service over the lifetime of the infrastructure. In essence, the rate of deterioration would match an equal amount of rehabilitation.

Street Resurfacing Program:

The City historically budgets between \$350,000 to \$500,000 annually for street resurfacing. A few years ago, prior to the current budget situation the City was successful in obtaining federal and state grants to supplement this amount (approximately \$700,000 in FY 2001/2002); however, these funds when available can only be used on specific routes determined by the State to be of regional significance and are not a guaranteed annual funding source. In addition, in 2002 the Governor distributed \$525,000 in excess State General Fund monies through the Revenue Alignment Budget Authority (RABA) to cities for street maintenance purposes. The RABA funds were also used to augment the City's resurfacing program.

Although the City currently receives approximately \$1.4 million annually in gas tax funds, a decrease of approximately \$300,000 from past years, these monies are not available for resurfacing because they pay staff costs (approximately \$1.2 million per year) and on-going debt service for past undergrounding costs and streetlight studies. In addition, from 1986 to mid-2004 when gas tax revenues were higher and staff costs lower, the City paid approximately \$470,000 per year for debt service for bonds that were issued in the mid-1980's to provide a large-scale city-wide resurfacing project. City staff from Public Works and Finance looked at reissuing bonds using gas tax and/or Measure B funds but it would not provide a sufficient pool of money to repair the streets that are currently in need of repair and would severely constrain the City's street repair options because all future funds would be committed and no funds would be available for unplanned emergencies or to provide local matches for future grant applications.

Sidewalk Repair Program:

The City budgets \$250,000 to \$300,000 per year for the annual sidewalk repair program which funds approximately 250 to 300 City sidewalk repairs. The estimated cost to do the backlog of repairs is \$1,500,000. In the past, the City also allocated approximately \$200,000 in general fund monies to fund the sidewalk repair program; however, this funding was stopped in Fiscal Year 2000/2001.

Options:

Exhibit A lists the eligible funding sources for each type of infrastructure; however, currently there are not sufficient existing local funding sources available to adequately maintain the City's investment in our infrastructure. To augment existing funds, the City applies for grants on a project-by-project basis using federal/state funds when available; however, as the federal and state governments grapple with increasing deficits, grants for street resurfacing and sidewalk repairs are not easily available. The Public Works Department has also worked with new large residential developments to provide an alternative on-going funding stream through assessment districts to fund the ongoing maintenance of newly constructed public infrastructure. In addition, Public Works has: revised the sidewalk standard to allow for wider planting strips and requested developers plant slower growing trees to reduce future sidewalk displacements; implemented a rubberized sidewalk pilot program; and started work to develop a pilot program to install high-quality manufactured turf currently used in soccer and football fields in our smaller landscaped medians using a \$50,000 recycled product grant.

Since federal and state dollars will not be available in the short-term for the on-going maintenance needs of local government, the City should consider developing a long-term, annual funding stream for our preventative maintenance needs. Alternative funding sources could include: establishing assessment district(s), landscaping and lighting district(s), or local community improvement districts within existing developments; increasing existing fees (such as the Construction Improvement Tax); establishing new fees; having property owners responsible for all sidewalk repairs as provided by the Streets and Highway Code; require all City projects (new parks, buildings, landscaping, etc.) to

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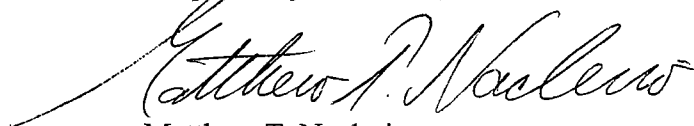
identify a reliable funding source to pay for on-going maintenance needs as part of City Council approval of the project; reallocate funding sources from new capital projects to fund deferred maintenance needs; and use CDBG funds and redevelopment funds whenever possible to provide for infrastructure needs.

The League of California Cities' May 2005 edition of "Western City" recognizes that the magnitude of the infrastructure investment deficit cannot solely be addressed on the local level in the long-term and must be solved jointly on a federal, state, and local level. Therefore, the City should work with our federal and state lobbyists to secure an ongoing funding stream from the federal and/or state governments for infrastructure maintenance.

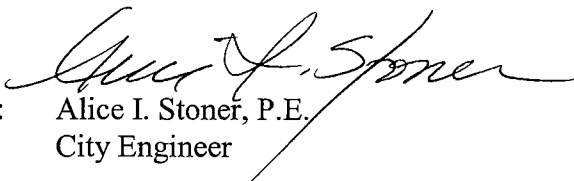
RECOMMENDATION

The City Manager recommends the City Council consider the infrastructure investment challenges presented in this staff report, discuss possible options and direct staff to further investigate selected options as part of the next budget cycle.

Respectfully submitted,



Matthew T. Naclerio
Public Works Director

By: 
Alice I. Stoner, P.E.
City Engineer

MTN:AS:gc

Attachments

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INFRASTRUCTURE INVESTMENT CHALLENGES - EXHIBIT "A"

Major Infrastructure Components	A	B	C	D	E	Eligible Funding Source ²	Source of Information
	Adjusted FY04-05 Req'd Overall Amt to Bring to "Good" Condition ¹	Adjusted FY04-05 Req'd Annual Amt to Maintain "Good" Condition ¹	Tentative FY05-06 Budgeted Annual Amt	FY05-06 Annual Deferred Maintenance Amount (B - C)	FY05-06 Req'd Overall Amt to Bring to "Good" Condition (Rounded) (A + D)		
Street Resurfacing	\$ 13,000,000	\$ 2,700,000	\$ 750,000	\$ 1,950,000	\$ 14,950,000	Measure B, Gas Tax, C/I/T	Pavement Management System (September 2004)
Sidewalk Repair	\$ 3,000,000	\$ 400,000	\$ 300,000	\$ 100,000	\$ 3,100,000	Measure B, C/I/T	Sidewalk backlog requests (\$1.5M), Estimated Req'd Repairs Citywide (\$3M) (April 2005)
City Building Upgrades	\$ 1,620,000	\$ 590,000	\$ 250,000	\$ 340,000	\$ 1,960,000	General Fund, DUT, C/I/T	Based on Request Forms all Departments during FY04-06 CIP budget cycle.
Street Tree Pruning	\$ 540,000	\$ 280,000	\$ 130,000	\$ 150,000	\$ 690,000	General Fund, C/I/T	Maintenance Records (May 2005)
Traffic Signal Painting	\$ 80,000	\$ 50,000	\$ 50,000	\$ -	\$ 80,000	Gas Tax, C/I/T	Maintenance Records (May 2005)
Street Light Pole Painting	\$ 430,000	\$ 60,000	\$ -	\$ 60,000	\$ 490,000	AP&T	AP&T has no budget for this item for FY05-06.
Street Light Replacement	\$ 160,000	\$ 80,000	\$ 77,150	\$ 2,850	\$ 170,000	AP&T	AP&T Streetlight Maintenance Budget. The Maintenance Division contributes \$5K for lights mounted on traffic signals.
Street Tree Removal and Planting	\$ 40,000	\$ 40,000	\$ 30,000	\$ 10,000	\$ 50,000	General Fund, C/I/T	Maintenance Records (May 2005)
Park Pathways	\$ 500,000	\$ 160,000	\$ -	\$ 160,000	\$ 660,000	DUT, C/I/T	Best guess estimate. No reliable data available. Additional detailed study required.
Curb Ramps	\$ 250,000	\$ 110,000	\$ -	\$ 110,000	\$ 360,000	Measure B, C/I/T	Best guess estimate. No reliable data available. Additional detailed study required.
Traffic Striping	\$ 310,000	\$ 160,000	\$ 120,000	\$ 40,000	\$ 350,000	Gas tax, C/I/T	Maintenance Records (May 2005)
Landscape Median Maintenance	\$ 210,000	\$ 260,000	\$ 180,000	\$ 80,000	\$ 290,000	General Fund, C/I/T	Maintenance Records (May 2005)
Traffic Signal Controller	\$ 220,000	\$ 110,000	\$ 112,500	\$ (2,500)	\$ 220,000	Measure B, Gas Tax, C/I/T	Maintenance Records (May 2005)
Cyclic Sewer Repairs	\$ 5,900,000	\$ 590,000	\$ 1,416,000	\$ (826,000)	\$ 5,080,000	Sewer Fund	Recommended replacement list of sewer mains from Maintenance Records (December 2004)
Storm Drainage Repairs	\$ 2,700,000	\$ 275,000	\$ -	\$ 275,000	\$ 2,980,000	Urban Runoff	Storm Drainage Facilities Rehabilitation and Repair Report by Harris & Associates (August 1998)
Sewer/Storm Pump Station Upgrades	\$ -	\$ 450,000	\$ 450,000	\$ -	\$ -	Sewer Fund, Urban Runoff	Maintenance Records (May 2005)
Historic Street Lights	\$ 1,220,000	\$ 350,000	\$ 152,000	\$ 198,000	\$ 1,420,000	AP&T	AP&T Historic Streetlight Study (2003)

Note 1: Values are projected for FY05-06 by adjusting FY04-05 values per Construction Cost Index in the Bay Area.

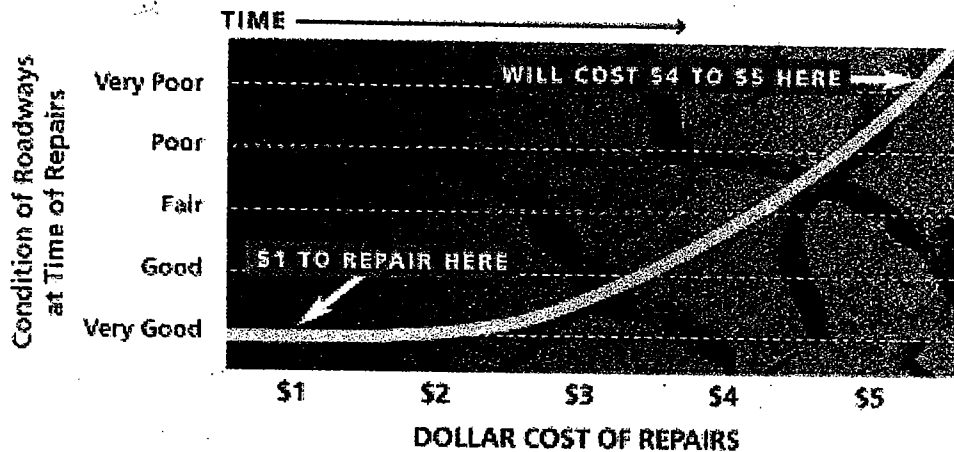
Note 2: CIT = Construction Improvement Tax; DUT = Dwelling Unit Tax; AP&T = Alameda Power & Telecom

EXHIBIT "B"

GRAPH SHOWING COST OF REPAIR OVER TIME

The following graph illustrates what happens when road pavement is not maintained in a timely manner. As road quality deteriorates over time, it becomes more costly to make needed repairs. The public will have to pay five times as much for fixing a road in the future as opposed to paying for it now. The saying, "Pay me now or pay me later" directly applies.

COST OF REPAIR OVER TIME



This Graph was Prepared By:

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EXHIBIT "C"

